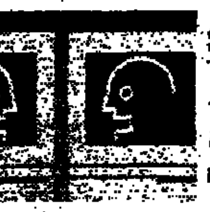
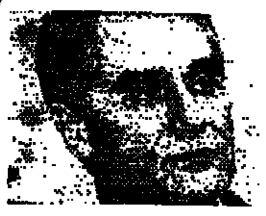


Software search
Europe looks for a common language
Page 10



Cavaco Silva
Economist at Portugal's helm
Page 14

Men out of work
Getting the drop-outs back in
Page 15

Break from the past
Finns back outsiders in presidential race
Page 3

FINANCIAL TIMES

Europe's Business Newspaper

Major denies any role in policy on arms sales to Iraq

British prime minister John Major publicly distanced himself from any responsibility in the arms-for-Iraq affair when he gave evidence at the public inquiry into whether the UK government illegally sold arms to Iraq in the late 1980s.

In a generally assured performance, which Downing Street hoped would help restore some of his political authority, Mr Major said that at no stage, either as a cabinet minister or as prime minister, had he played any part in setting guidelines on defence exports to Iraq. Page 16

CDU plan on joblessness: Germany's ruling Christian Democrats are urging tough measures to crack down on the employment of cheap foreign labour and supporting part-time work and flexible hours, in a bid to counter rising unemployment. Page 16; Exports may speed recovery, Page 2

Israel wary on Syrian offer: Israel reacted cautiously to Syrian peace gestures after US officials said Washington believed Syria had broken new ground, holding out the prospect of progress in peace talks. Page 4; Editorial Comment, Page 15

Winterthur Insurance is to take control of DBV Versicherung from Commerzbank, making the Swiss group the 10th largest primary insurer in Germany by premium income. Page 17

Brittan concern over protectionism

European Union chief trade negotiator Sir Leon Brittan (left) said moves to put environmental protection and labour standards at the top of the agenda for future world trade talks could be a pretext for protectionism. He also warned the US against the use of unilateralism in trade disputes, and against strengthening retaliatory powers under the US Trade Act. Page 6

Bombay shares rise: The Bombay Stock Exchange's index of leading stocks crossed the 4,000 level for the first time in 21 months amid hopes that next month's budget will assist India's economic liberalisation. Page 4

US insurer replaces chairman: Non-executive directors of US insurance brokers Alexander & Alexander acted to replace long-time chairman and chief executive Tinsley Irvin after a succession of disappointing results. Page 17

Aerospace subsidy call: Germany's crisis-hit aerospace industry called on Bonn for emergency subsidies to enable the sector to survive and compete with US and Asian manufacturers. Page 16

OECD warns on Italy: Italy's budget deficit and national debt remain "extremely high", despite recent progress, the OECD says in its annual country report. Page 3

Telecoms link forged: Nokia, Finnish telecommunications manufacturer, has joined forces with US electronics group Hewlett-Packard to develop "intelligent network" systems, the next generation of telecoms infrastructure. Page 17

Zulus' stance: Heavily armed Zulus fired handguns and rifles into the air outside government offices in Pretoria as Zulu monarch King Goodwill met President F.W. de Klerk inside to press demands for self-determination. Page 4

Lloyd's deal rejected: Lloyd's Names on the lossmaking Gooda Walker syndicates rejected a £900m ($1.3bn) settlement offer, dealing a blow to efforts to settle legal actions at the insurance market outside the courts. Page 7

Banks increase rescue aid: Germany's two biggest banks, Deutsche Bank and Dresdner Bank, are to lift their contribution to the Metallgesellschaft rescue package by DM300m ($174m). Page 17

End to recession seen: European entrepreneurs believe Europe could start to emerge from recession in 1994, but recovery will be slow and the employment crisis will persist. Page 2

Maastricht security concern: A French initiative to strengthen the political leadership of the European Union in the run-up to the Maastricht treaty review conference in 1996 has highlighted weaknesses in its provisions for a common foreign and security policy. Page 2

China capital raising: China is set for aggressive capital raising in western markets following its registration with the US Securities and Exchange Commission to issue some $1bn in global bonds. Page 22

■ STOCK MARKET INDICES		
FT-SE 100	3407.8	(+7.2)
Yield	3.46	
FT-SE Eurotrack 100	1474.05	(+7.73)
FT-SE-A All-Share	1697.81	(+0.4%)
Nikkei	18,725.37	(-248.33)
New York: lunchtime		
Dow Jones Ind Ave	3887.20	(n/a)
S&P Composite	473.53	(-1.38)
■ US RATES		
Federal Funds	closed	(3%)
3-mo Treas Bills: Yld	closed	(3.023%)
Long Bond	closed	(99$\frac{7}{16}$)
Yield	closed	(6.287%)
■ LONDON MONEY		
3-mo interbank	5$\frac{7}{16}$%	(same)
Liffe long gilt future:	Mar 118$\frac{1}{32}$	(Mar 118$\frac{1}{32}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Mar)	$14.13	(14.035)
■ Gold		
New York Comex (Feb)	$392.2	(390.1)
London	$392.5	(390.0)

■ STERLING		
New York lunchtime:		
$	1.49285	
London:		
$	1.4918	(1.4921)
DM	2.6184	(2.6118)
FFr	8.8827	(8.8673)
SFr	2.2085	(2.2083)
Y	165.704	(165.936)
£ Index	82.7	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.7525	
FFr	5.955	
SFr	1.47735	
Y	111.3	
London:		
DM	1.7553	(1.7505)
FFr	5.9545	(5.943)
SFr	1.4805	(1.48)
Y	111.08	(111.25)
$ Index	67.6	(67.7)
Tokyo close Y 111.22		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lv28.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk8.60	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr16		
Egypt	E£5.00	Japan	Y600	Pakistan	Rs40	Switz	SFr3.30		
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils625	Poland	Zl32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US$1.60	Portugal	Es225	Turkey	L10000	UAE	Dh12.00

Yeltsin to press ahead with plans for reform

Rouble plunges to new low after resignation of Gaidar

By Leyla Boulton in Moscow

President Boris Yeltsin yesterday accepted the resignation of Mr Yegor Gaidar, the Russian government's leading economic reformer, but said he would continue bold economic and political reforms in spite of widespread fears to the contrary.

"I would like particularly to stress the unchangeability of the president's course towards towards deep and democratic reform of Russian society, its economy and political institutions," Mr Yeltsin's spokesman said.

However, Mr Boris Fyodorov, the other prominent reformer in the government, later announced he had been asked to stay on as finance minister but without his present rank as a deputy prime minister. He said he was still deciding how to respond.

Rouble declines to low against dollar .... Page 2

But the removal of Mr Fyodorov's other title appeared to bury suggestions that Mr Victor Chernomyrdin, prime minister, would make every effort to retain him as a symbol of continuity for the country and for western creditors and aid donors.

Russia's Choice, the electoral bloc led by Mr Gaidar, said yesterday that Mr Gaidar's resignation as first deputy prime minister would help place responsibility for hyperinflationary policies and other "dangerous" decisions squarely on Mr Chernomyrdin.

Mr Fyodorov was also said to be considering leaving Russia's Choice. His resignation from either the bloc or the government would leave the field clear for Russia's Choice to go into open opposition while Mr Chernomyrdin attempts to woo Communists, some ultra-nationalists and an ill-defined centre ground.

Mr Gennady Ziuganov, leader of the Communist party, welcomed Mr Gaidar's departure and said he would co-operate with any government which abandoned policies that had impoverished the nation. His reaction was echoed by the other powerful anti-liberal parties in the new State Duma, or lower chamber.

Mr Yeltsin is due to meet Mr Chernomyrdin today to discuss the final shape of the government. There is now little doubt that it will be dominated by former heads of state industry whose priority is to pump money into ailing farms and industrial enterprises. The rouble fell to a new low yesterday in response to Mr Gaidar's departure.

From Russia's Choice only Mr Anatoly Chubais, confirmed as deputy prime minister to complete a privatisation programme, and Mr Andrei Kozyrev, the foreign minister, who has adjusted his policies to growing nationalist sentiment at home, are likely to remain in government.

Mr Grigory Yavlinsky, a prominent economist whose Yabloko party promises gentler reform, said he had still not received an offer to join the government. But despite his frequent sniping at the government's attempts at financial stabilisation, he said he hoped Mr Fyodorov would stay in his post. "Fyodorov's position is very influential. It is really very dangerous if he leaves his office."

The only cheering news to emerge from Russia's political scene yesterday was the relatively smooth conduct of Parliament under its new speaker, Mr Ivan Rybkin of the pro-Communist Agrarian party.

Last-minute textile deal freezes US imports from China

By Tony Walker in Beijing, Simon Holberton in Hong Kong and Nancy Dunne in Washington

The US and China struck a last-minute textile quota agreement yesterday that effectively freezes Chinese imports to the US at present levels and averts a serious trade dispute.

Under the agreement, signed in Beijing by special trade representatives, China's exports to the American market will not be allowed to grow as they have in the past three years. The move will cost Chinese exporters about $700m and result in a 13 per cent reduction in anticipated shipments to the US between 1994 and 1996.

China also agreed to US-proposed penalties for violations of quota restrictions.

A senior US trade official, briefing reporters, said the Chinese had agreed reluctantly to the quota penalties, but had clearly recognised that the row over illicit trans-shipments, overshipments and false labelling was harming China's image and trade prospects.

Trans-shipment involves Chinese-manufactured goods being transported through third countries such as Malaysia, Hong Kong and the United Arab Emirates to disguise their origin. US officials believe that the value of illegal trans-shipments of textile items exceeds $2bn annually.

Mr Mickey Kantor, the US ambassador, yesterday welcomed the textile pact as "the beginning of a healthier and more productive relationship" between the US and China.

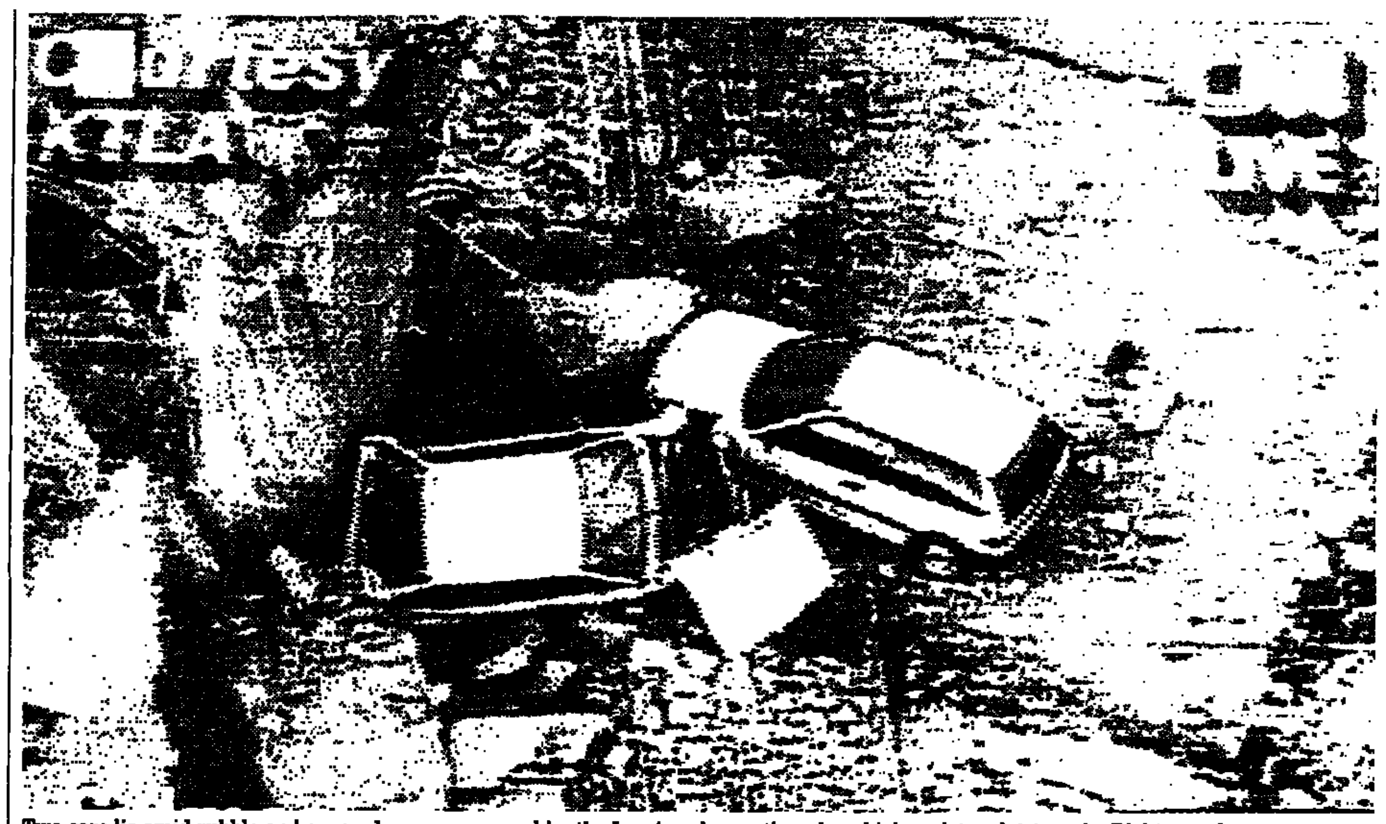
Mr Henry Tang, textiles chief at the Hong Kong Federation of Industry, said the three-year agreement was good news for the colony.

The deal was seen as boding well for an agreement to extend China's most favoured nation (MFN) status by the US administration this year. For Hong Kong, the extension of MFN is far more important than the current dispute about trans-shipment irregularities.

Sir Hamish Macleod, Hong Kong's financial secretary, said yesterday that renewal of China's MFN could not be taken for granted. He said if China lost its MFN status in the US market then growth in Hong Kong might be halved from its forecast level of 5 per cent this year.

China's textile exports to the US under the Multi-Fibre Arrangement amounted to

Continued on Page 16



Two cars lie amid rubble and exposed masonry caused by the Los Angeles earthquake which registered 6.6 on the Richter scale Associated Press

Microsoft in video game link with Sega

By Michiyo Nakamoto in Tokyo and Alan Cane in London

Microsoft of the US is to link with Sega, the Japanese group, to develop an advanced video games machine in a venture with far-reaching implications for the world electronics industry.

The deal could give Microsoft, which provides software for more than 90 per cent of the world's business personal computers, similar dominance in the market for home entertainment and educational software.

The companies will co-operate on the Saturn project, a games console combining video images, stereo sound and telecommunications. Sega will make the computers and Microsoft will provide the operating software.

Microsoft's operating software for Saturn will give it advanced graphics and data processing capabilities, although the machine will be cheaper than standard home computers.

The link-up may lead to a new industry standard for home entertainment software. The US company has grown to a turnover of $3.75bn in 10 years through licensing deals that put its software on every IBM and IBM clone of personal computer.

The implication is that software houses developing educational and games programs might have to write their products to Microsoft's standard, just as business software developers have to work with Microsoft's MS-Dos and Windows system.

The tie-up comes as other companies in the video games, electronics and computer industries have been taking positions in preparation for what is expected to be fierce competition in store for the games market.

Nintendo of Japan, the dominant international force in electronic games, and Silicon Graphics, the US company, agreed last year to co-operate in developing Nintendo's advanced games machine. Matsushita, the consumer electronics company, has meanwhile brought out its own advanced games machine developed by 3DO, a US venture company.

Sega has already formed an alliance with TeleCommunications, the US cable TV company, and Time-Warner, the entertainment group, with which it is testing the distribution of games through cable TV.

It has also teamed up with AT&T, the communications group, which is developing technology to enable video games players to hook up with each other over the phoneto speak and play games with each other.

Blockbuster takes stake in Virgin games subsidiary, Page 17

Early-morning quake brings devastation to Los Angeles

By Louise Kehoe in San Francisco

A severe earthquake in Los Angeles yesterday left at least 10 people dead and caused widespread damage and disruption to transport and communications. The quake, which measured 6.6 on the Richter scale, caused about 100 fires in and around the city as gas pipes ruptured.

In Sylmar in the San Fernando valley, where an estimated 70 homes were destroyed, aerial television pictures showed whole streets in flames. In San Fernando suburb, dozens of cars lining the streets exploded from the intense heat of gas fires. At least a half dozen vehicles were burning on one street.

Reports said that 50 buildings in Hollywood were also destroyed and the quake caused many houses – including several million-dollar homes – to slide off their foundations. Many buildings were seriously damaged, including two hospitals, which have been closed. Other hospitals said they were "inundated with walking wounded".

In the suburban town of Northridge, the epicentre of the quake north-west of central Los Angeles, emergency workers struggled to free residents of a three-storey apartment complex that partly collapsed. The multi-storey park at the town's shopping centre collapsed and people were feared trapped inside.

The earthquake struck at 4.31am Pacific Standard Time, according to the US Geological Service. Had it struck two hours later, in the rush hour, fatalities would probably have been much higher, officials said. Yesterday's Martin Luther King holiday also meant that many businesses planned to stay closed, reducing traffic.

Nonetheless the death toll was expected to increase through the day as rescue workers searched collapsed buildings. Several raised freeways to the north and west of the city collapsed. The Santa Monica freeway, the busiest in the US, carrying more than 370,000 vehicles daily, was severely damaged in several places.

Most of the main arteries to and through the San Fernando Valley, a suburban expanse of about 3m residents, were badly damaged. Police said the quake threw cars from elevated freeways on to streets below.

The stark pictures of the pancaked roadways in Los Angeles are reminiscent of the 1989 San Francisco earthquake, which registered 7.1 on the Richter scale, and in which more than 50 people died. Repairs and reinforcements to the San Francisco freeway system are still in progress, four years later, and are not expected to be completed for at least another two years. Structural engineers predicted that Los Angeles, the second-biggest US city, faces serious traffic problems for years.

The city's airports, which were closed in the immediate aftermath of the earthquake, reopened by mid-morning and United Airlines announced it was resuming service to the city. However, delays were exacerbated by numerous afters-shocks.

Telephone services to the entire Los Angeles area were limited to emergency services. Officials called on residents to stay off the roads, warning of severe danger. Most of Los Angeles was without electricity and there

Continued on Page 16

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Exports may speed German recovery

By Ariane Genillard in Bonn

An increase in exports and further interest rate cuts could lift total investment in western Germany by 3 per cent in 1994, the Munich-based economic institute Ifo said in a report yesterday.

More foreign orders, particularly from outside Europe, should stimulate a gradual recovery in investment this year, the institute said, after a dramatic 14.7 per cent plunge in 1993.

"Signs increasingly show that the bottom of the pit has been reached in terms of investment. If there are no new handicaps to exports, companies will increase their investment as they modernise and face replacement needs," the report says.

The main growth in investment will come in the energy and service sectors. But west German industry will continue to feel the after-effects of the 1993 recession. Industrial investment could still fall by 5 per cent, the institute noted. "But, without this noticeable change in demand, investment would have fallen by a double-digit figure this year too."

However, the institute warned that investment in 1994 would remain subject to growth in the European Union and to Germany's monetary policies.

It stressed that investment could fall by 1 per cent if interest rates were not lowered and a pick-up in economic activity was not seen in neighbouring EU countries.

Ifo recently added its voice to a growing chorus calling on the Bundesbank to help push the economy out of the recession with lower interest rates. The call had followed earlier accusations from the DIW institute in Berlin that the Bundesbank's go-slow policy was prolonging the recession.

Yesterday's warning was also in line with polls conducted by Ifo last autumn in which 40 per cent of west German companies said they did not plan to increase investment, against just 18 per cent reporting otherwise.

In eastern Germany, the report noted that investment would continue to increase in 1994, following a 15 per cent rise last year. Investment would be particularly concentrated in the public transport, mining, energy and services sectors.

Bosnia Serbs threaten 'all-out war'

By Laura Silber in Geneva

The leaders of Bosnia's warring communities resume partition talks in Geneva today against a backdrop of intensified fighting and few positive indications of an imminent end to the war.

In another sign that the prospects for agreement are bleak, Mr Radovan Karadzic, the Bosnian Serb leader, told the assembly of his self-styled Serb state that the Moslems would be faced with "all-out war" if the fresh round of peace talks failed to yield an agreement.

His threats were aimed at Mr Alija Izetbegovic, Bosnia's president, who, apparently emboldened by recent military victories against Croat forces, last week reiterated his pledge to regain control of land which was mostly populated by Moslems before the Serbian onslaught. Croat and Bosnian officials yesterday met following a Croatian proposal to create a confederation with their Moslem adversaries once a deal was reached.

Croatian President Franjo Tudjman is trying to convince Mr Izetbegovic that the restoration of the Croat-Moslem alliance would help assure the future of a rump Moslem state. Mr Tudjman and his Serbian counterpart, Mr Slobodan Milosevic, were due to join today's talks.

In Geneva, UN officials were reported to have rejected the use of air strikes against Serb targets as proposed under a Nato initiative. Following his fact-finding mission on the feasibility of air strikes, Mr Yasushi Akashi, the UN special envoy, met leading UN political and aid officials. He came out against the use of air power to open the airport in Tuzla, the biggest government stronghold, and to secure the rotation of Canadian peacekeepers in Srebrenica, the Moslem enclave in eastern Bosnia.

He reportedly indicated that the use of air support would stop the passage of overland aid convoys to Tuzla and said that agreement in principle had been reached to allow Dutch troops to relieve the Canadian company in Srebrenica.

Rouble declines to low against $

By John Lloyd in Moscow

The Russian rouble fell to a low of 1,402 to the dollar yesterday. The latest decline, of 3.5 per cent over last week, was blamed by currency dealers on the resignation of Mr Yegor Gaidar, first deputy prime minister, from his cabinet post. The Russian currency has fallen 12 per cent this year.

However, the dealers say much of the fall since the December elections has been prompted by a belief that the relatively tight monetary policy pursued by Mr Boris Fyodorov, deputy premier for finance, would be relaxed, and the inflation rate of 12 per cent a month would accelerate.

A range of spending decisions – including $500m on a new parliament building – and a draft agreement to unify the economies of Russia and Belarus point to relaxation of monetary controls. A new US investment fund said yesterday it would go ahead with plans to invest $340m of capital, put up by the US government in small and medium-sized enterprises in Russia.

Mr Gerald Corrigan, chairman of the Russia-American Investment Fund, a former chairman of the New York Federal Reserve and a long-time participant in the Russian reform process, said yesterday that "irrespective of the political changes, we believe that there is a lot of business here in which profitable investments can be made".

The fund has appointed Mr Robert Towbin, a former managing director of Lehman Brothers in New York, as the fund's chief executive officer. Mr Towbin said yesterday that the fund would concentrate investments in consumer industries, especially food and food processing, furniture and financial and other services.

"This is the area in which I think, on an early view, there will be most opportunities," Mr Towbin said. "We will put a lot of work into looking at these companies before we make an investment – and we will make a purely business judgment at the end of the day."

The fund plans to employ more than 30 executives in Moscow, both foreigners and Russian nationals, to investigate investment opportunities in the growing sector of privatised companies.

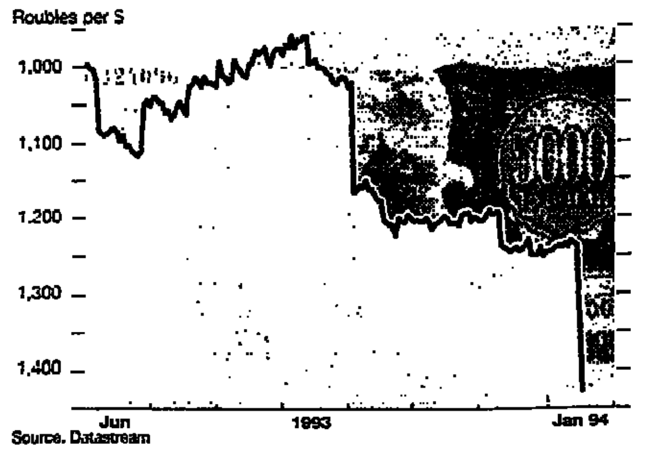
It is a non-profit-making organisation which will invest all profit back in the Russian economy.

Mr Corrigan said that "what falls beneath the cracks in people's view of Moscow is the sheer amount of private activity taking place at the micro level in the economy. My belief is that this means that the GDP of the country is no longer falling [as official figures show] but beginning to rise again".

Reuter adds: Moscow is to charge foreign tourists a daily tariff of one US dollar, payable in hard currency, Itar-Tass news agency said.

The agency did not say when or how the tariff would be collected or why it was imposed. Officials at the mayor's office were not immediately available for comment.

The rouble: a new low



Source. Datastream

GM move on Russian assembly plants

By Kevin Done, Motor Industry Correspondent

General Motors, the US carmaker, has signed a memorandum of understanding with VAZ, the Russian producer of Lada cars, which could eventually lead to the assembly of GM cars in Russia.

The two companies have agreed to conduct a feasibility study into the production of the Opel/Vauxhall Corsa small car at the VAZ assembly plant at Togliatti.

GM Europe said yesterday that the initial study should be completed by the spring. The study will examine the suitability of the Opel Corsa for the Russian market and the economic feasibility of producing the car in Russia.

Officials from the two companies met last week in Paris, and it is expected that the study team will be led by GM's Opel technical development centre at Rüsselsheim near Frankfurt.

The Opel/Vauxhall Corsa, which was launched in Europe a year ago, is built at GM's European plants at Zaragoza, Spain and at Eisenach in eastern Germany. It will also be produced at GM plants in Brazil and Mexico. Discussions between GM and VAZ are still at a very preliminary stage, but the US vehicle maker has developed close contacts with the Russian carmaker in recent years as a supplier of components.

GM's Automotive Components Group Worldwide began shipping production parts for engine management systems to VAZ last summer.

Greek demand could delay accession deal

By David Gardner in Brussels

The current Greek presidency of the European Union wants to limit the amount of regional aid offered to the remote areas of Sweden, Finland, Austria and Norway, in a proposal which threatens to complicate the closing stages of these countries' already difficult negotiations on EU entry.

European Commission negotiators in November offered each of the four applicants the highest level of EU structural aid – so-called objective 1 status – for their most disadvantaged regions.

Athens wants a clear delineation between some Ecu100bn ($112bn) in EU funds available in 1994-9 to the poorest regions – such as Greece itself, Portugal, Ireland and Spain – and structural aid to Nordic and Alpine regions whose average income is above the normal objective 1 eligibility threshold. Greece itself should get more than Ecu19bn in EU regional aid in 1994-99.

While it is not yet clear whether the Greek presidency's proposal, presented in a confidential paper, will gain the support of its partners, the mere suggestion that the northern areas of the Nordic countries could come off worse inside Europe could harden already sceptical opinion in those countries against EU entry. The Greek proposal says that a "transitional" and "additional *ad hoc* effort" should be made "in a limited number of areas" in the four countries, to take account of their harsh climate and remoteness.

It calls for a new and separate transitional fund to finance regional aid in a number of these areas. The proposal would exclude Norrbotten, Sweden's northern-most province, and two of Norway's four northern counties, from objective 1 status, the treasure trove of regional policy.

Athens says these and the Etela-Pohjanma area of eastern Finland should be "funded separately [over and above] from the existing funds of the [EU regional policy] regulation, which are to be distributed solely among the existing 12 member states".

Support for Swedish and Norwegian membership of the EU has begun to increase for the first time in many months, according to latest opinion polls, writes Christopher Brown-Humes in Stockholm. In Sweden, 34 per cent of voters are in favour compared with 26 per cent in December. In Norway, support for the Yes camp has risen by three percentage points to 33 per cent.

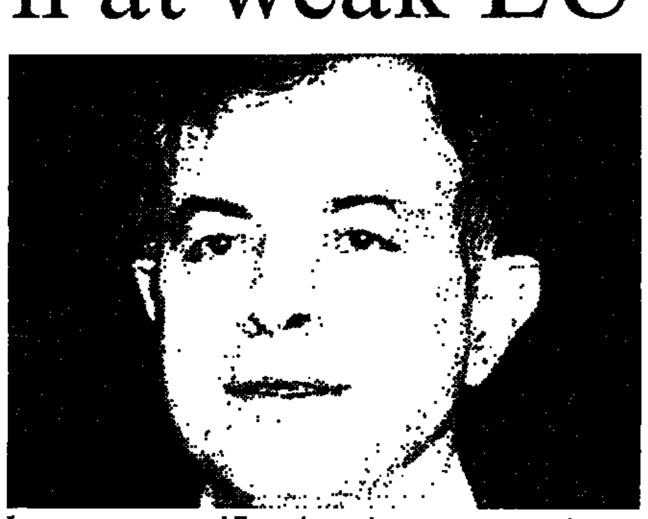
Concern at weak EU foreign policy

By Lionel Barber in Brussels

A French initiative to strengthen the political leadership of the European Union in the run-up to the Maastricht treaty review conference in 1996 has highlighted weaknesses in its provisions for a common foreign and security policy.

Diplomats and European Commission officials said yesterday that Mr Alain Lamassoure, France's European affairs minister, had pinpointed the lack of a proper structure to prepare and execute "joint actions" such as the organisation of aid to the Israeli-occupied territories and political-military action in Bosnia. "It's all been a bit amateurish so far," said one Brussels official.

Mr Lamassoure expressed concern about weaknesses in the management of EU foreign policy in an interview with the Financial Times. The minister also disclosed that France, in concert with Germany, Italy and Spain, was planning a more coherent leadership for the EU during their successive presidencies in 1994-96.



Lamassoure: expressed France's worries over management

The French initiative did not appear to be an attempt to establish a big-country directorate of the EU, nor intended to be a slight on the current Greek presidency. Greek officials said they were studying Mr Lamassoure's remarks.

The 1991 Maastricht treaty is an elaborate compromise between federalism and looser co-operation between governments. Although it provides for a common foreign and security policy, signatories, most notably France and the UK, were admanantly opposed at the time to diluting national sovereignty in foreign policy. "But this matter will not go away," said a German official.

France appears to have grasped that the present arrangement may be too loose for effective action. However, its unwillingness to see the European Commission or the Council of Ministers' secretariat filling the vacuum underlines the limited scope it sees for ceding power to new EU machinery, such as the policy unit set up by Mr Hans Van den Broek, political affairs commissioner.

A senior Brussels official noted that the Commission has no policy planning staff such as exists in the US state department or UK foreign office; nor does it have an in-house foreign policy think tank. There was scope for creating something more permanent, he suggested.

These ideas may arouse some discomfort in London. Despite nominal support for the concept of a common European foreign policy, UK ministers prefer looser arrangements with limited goals.

On Bosnia, the UK has resisted Franco-German efforts to strengthen provisions for action against the Bosnian Serbs, though it performed a U-turn at last week's Nato summit.

Entrepreneurs see slow recovery

By Andrew Hill in Brussels

European entrepreneurs believe Europe could start to emerge from recession in 1994, but recovery will be slow and the employment crisis will persist.

Those are the main findings of a survey of 100,000 small and medium-sized companies, carried out in November by Eurochambres, the European association of chambers of commerce.

Its results follow publication last week of findings from a survey of 5,000 European companies, which was similarly gloomy about the immediate prospects for an end to the effects of recession. Grant Thornton, the accountancy firm, and the consultancy Business Strategies, which plan to publish the full survey in May, concluded that smaller businesses expected no increase in profitability, employment or investment this year.

Eurochambres' survey of business prospects – the first and probably the largest of its kind – found clear differences in expectations across the EU. British entrepreneurs were among the most optimistic about prospects for 1994, while about a third of the west German companies questioned expected business to develop unfavourably this year.

Sir Tommy Macpherson, president of Eurochambres, yesterday warned the European Commission and national governments not to ignore small and medium-sized companies.

He said that they would provide the main source of employment growth in the coming years.

* *Eurochambres European Economic Survey 1994, Rue Archimède 5, 1040 Brussels, Belgium. European Business Survey, Grant Thornton International, Rue de la Loi 227, 1040 Brussels, Belgium.*

Call for cheaper Eurofighter

The German and Spanish defence ministers said yesterday they would press for a lower price for the four-nation Eurofighter combat aircraft, Reuter reports from Bonn.

Mr Volker Rühe of Germany and his Spanish counterpart, Mr Julian Garcia Vargas, said that they wanted the European consortium to sink the price for the new fighter aircraft below current estimates of DM102m ($59) per unit.

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OBITUARIES

We profoundly regret to inform you of the death of

Mr. Dieter Grass

Member of the Board of Management
of Bayerische Landesbank Girozentrale
Holder of the Service Cross on the ribbon of the Order of Merit
of the Federal Republic of Germany

on 14th January 1994 at the age of 58 after a serious illness.

His untiring commitment in the field of international business was largely responsible for the successful development of our bank into a universal bank with world-wide operations.

He was very devoted to his profession.

His warmth and kindness earned him a high degree of respect and sympathy among clients and employees. The strength of his personality also found expression in the courage he demonstrated in coping with his illness.

The bank has lost one of its most esteemed colleagues, who shall be deeply missed by many of us as a good friend and amiable person. We shall always remember the example he set to all of us.

We are grateful to him. We shall never forget him and his achievements.

Munich, 14 January 1994
Bayerische Landesbank Girozentrale
Board of Administration, Board of Management, Staff Council and Staff

The funeral service is to be held on Friday 21st January 1994 at 12.30 p.m. in the Protestant Church, Kaiser-Wilhelm-Straße, Starnberg and will be followed by the funeral at 2 p.m. at the Waldfriedhof, Josef-Sigl-Straße, Starnberg.

Instead of flowers and wreaths, please make donations to "Freunde der TU München - Tumorforschung Prof. Dr. U. Fink", account no. 272 78 20, Bayerische Vereinsbank (bank code 700 202 70).

OECD warns Italy on debt and deficit

By Robert Graham in Rome

Italy's budget deficit and national debt remain "extremely high", despite recent progress, the OECD warns in its annual country report.

The report points out that the 1993 budget deficit was 9.7 per cent of GDP, while public debt was 114 per cent of GDP and is set to rise further. The OECD concludes that substantial fiscal adjustment is still required, and that "several years of sustained efforts" will be needed in order to meet EU convergence targets.

The latest annual report on Italy recognises, however, that since 1992 both the Amato and Ciampi governments have begun to tackle the country's public finances.

In particular, the 1993 budget was a landmark, the OECD says, as the first in which structural deficit-reducing measures were given weight, compared with the "recurrent one-off relief steps taken in the past".

The authorities' "impressive action" to address the public debt problem has been further assisted by falling interest rates and a sharp rise in export competitiveness, thanks to the lira's devaluation and labour agreements limiting wage rises.

The report forecasts exports will continue to expand, thanks to low nominal wage growth, enlarging the trade surplus to 3 per cent of GDP by 1995.

The buoyancy of exports may just suffice to keep real GDP in 1993 at the previous year's level, the weakest output performance in nearly 20 years. GDP is set to recover slightly this year, up by 1.7 per cent at the most optimistic, but the report envisages only a gradual recovery in 1995.

Given the modest level at which activity is projected to pick-up, employment may remain "virtually flat, causing the rate of unemployment to climb to 11.7 per cent in the second half of 1995", it says.

"Larger employment losses and greater job security could stimulate precautionary savings, delaying the revival of private consumption and gross fixed investment."

Against that background the OECD says Italy's international credibility depends on a "good budgetary track record", which will also allow risk premiums in interest rates to ease further.

The successful execution of the government's privatisation programme is another key aspect of such credibility.

The report contains a special chapter on privatisation, which is critical of the slow and complex decision-making process. By using unorthodox privatisation procedures, Italy risks losing out in the competition to attract equity funds, it says. The authorities have also failed to come up with regulatory reform of public utilities.

"Restoring the credibility of many of Italy's institutions is a prerequisite for lessening deep-seated structural imbalances in goods and labour markets and keeping inflation on a downward course," the report concludes.

It adds a plea for gaining public support for the tough adjustment process based on "perceptions of equity" in sharing the burden.

ITALIAN ECONOMIC INDICATORS

	1992	1993	1994	1995
GDP in market prices*	0.9	-0.1	1.7	2.3
Industrial production*	-0.6	-2.2	2.9	2.9
Unemployment rate	11.6	10.2	11.1	11.6
Budget deficit as a % of GDP	-9.5	-9.7	-8.7	-7.3

*Percentage growth over previous period

Source: OECD projections

Italian Christian Democrats find a new identity

By Robert Graham in Rome

After more than a year agonising over their future identity Italy's long-ruling Christian Democrats will this week transform themselves into the Popular party, a new centrist Catholic grouping.

The move follows the dissolution of parliament and the fixing of early general elections on March 27. The change of identity is an attempt to find a new appeal in the centre-ground of Italian politics – the traditional core of their electorate – after the damage done by the country's corruption scandals.

The name is designed to evoke the party founded in 1919 by Mr Luigi Sturzo, which is regarded as the forerunner of the Christian Democrats, themselves founded in 1942. The Socialists are also due to change their name, as is the neo-fascist MSI. The first party to transform itself was the former Communist party which became the Party of the Democratic Left in 1991, with a rump founding a party called Reconstructed Communism.

The statutes of the new party are to be finalised today and an inaugural congress is due at the weekend. However, the party, headed for the past 18 months by the sepulchral but canny Mr Mino Martinazzoli, remains divided.

New electoral laws have meant that parties must form alliances if they wish to govern, but the nascent party has not yet decided who it should go into alliance with. Mr Martinazzoli is considering three centre groupings – the populist Northern League of Mr Umberto Bossi, the newly formed Pact for Italy of Mr Mario Segni, the referendum leader, and supporters of media magnate, Mr Silvio Berlusconi, who is anxious to form a party.

However, any one of these alliances risks reshaping the identity of the new Popular party without necessarily assuring electoral success. Much also depends upon whether Mr Berlusconi, who has delayed an announcement for more than six weeks, decides to enter the fray in person. Also, an important minority among the Christian Democrats sees its future in alliance with the left.

Finns embrace a fresh political future

Hugh Carnegy reports on the two maverick candidates who face a run-off in the presidential election

Associated Press

Friendly rivals: run-off candidates Martti Ahtisaari (right) and Elizabeth Rehn congratulating each other early yesterday

Judging by the outcome of Sunday's first round of voting in the presidential election, Finns are seeking new faces to lead them out of the gloom that has enveloped the country for the past three years.

Confronted with 11 candidates on Sunday, the electorate plumped for the two who clearly offered a break from the political conventions of the past. Mr Martti Ahtisaari, who won the first round of voting, is a United Nations diplomat who based his candidacy on his non-political background (although he represents the Social Democratic party) and his lack of any responsibility for the crippling recession of the 1990s that has pushed unemployment in Finland to approaching 20 per cent of the workforce.

But he may yet be undone by Mrs Elizabeth Rehn, who swept from nowhere a month ago to take second place. Excluding postal votes which were cast earlier, Mrs Rehn won more votes on Sunday than Mr Ahtisaari. The two will meet in a second vote on February 6.

Although a member – as defence minister – of the unpopular centre-right coalition of Mr Esko Aho, the prime minister, Mrs Rehn has presented herself as a breath of fresh air in Finland's stultified politics with spectacular success.

As a member of the small Swedish-speaking minority, she is a genuine outsider. But it is as a plain-speaking woman, with a disarming sense of humour, that she has captured the imagination, especially of women and young voters.

When she jokes about the over-inclination of Finnish men to make policy in the sauna, she raises a laugh – but also strikes a chord with voters fed up with what they see as a cliquey political establishment.

Nor is she afraid to be optimistic. "Finns are a little bit masochistic – we have been concentrating on how bad things have been. But there are signs of light," she says.

Both Mr Ahtisaari and Mrs Rehn admitted on Sunday night that they were broadly in agreement on the foreign policy issues that are the main concerns of the president.

Both are keen advocates of Finland's application to join the European Union and say they will not remain neutral when the issue is put to a referendum, probably in the autumn.

Both lay great emphasis on maintaining neutral Finland's security, a highly sensitive issue for a country with a long border and a history of military conflict with Russia.

Mrs Rehn gives nothing away on this to the internationally-experienced Mr Ahtisaari as she has been a well-respected defence minister.

Wary of upsetting Moscow, Mr Ahtisaari and Mrs Rehn avoid making specific commitments on how Finland's strategic stance may develop in the wake of the collapse of the Soviet Union, beyond the application to join the EU.

However, options such as moving within the Nato sphere are left open.

Where the two candidates differ most is on the economy – the most important election issue and the one on which Mrs Rehn is most vulnerable.

She has not shied away from supporting the government's tough fiscal policies which, although to the long-term benefit of the health of the public finances, have added to the pain imposed by the long recession.

Mr Ahtisaari believes in more public investment and less stringent spending cuts.

In fact, the outlook is much brighter this year than it has been since the the economy began to contract three years ago. Due largely to a powerful export boom – itself fuelled by a crash in the value of the Finnish markka – gross domestic product is set to grow by up to 2 per cent this year, compared with a fall of around 2.5 per cent in 1993.

Inflation, currently running at less than 1.5 per cent despite the devaluation, is under control and the government was encouraged last autumn by a series of pay agreements with the traditionally tough trade unions which led to wage cuts in the public sector.

The finance ministry talks of "buoyant growth" in 1995.

But even the most optimistic forecasts see unemployment remaining high for the rest of the decade, probably staying in double figures at least until 1998.

"We should not settle for this," insists Mr Ahtisaari.

Mrs Rehn, now the favoured candidate of the political right, may find her new-found popularity dented in the economic debate.

However, as she remarked on Sunday night, the presidential election, the first by universal suffrage, is turning out to be as much about personality as issues.

And on that score Mrs Rehn is a winner.

Bombay share index breaches 4,000 level

By Stefan Wagstyl in New Delhi

The Bombay Stock Exchange's index of leading stocks yesterday crossed the psychologically-important 4,000-level for the first time in 21 months amid hopes that next month's budget will bring fresh impetus to the country's economic liberalisation.

Foreign financial institutions, which were admitted to the market only last year, triggered the rally, which has seen the index rise 54 per cent since the beginning of November.

Yesterday, the index rose 82 points to close at 4020.87.

Shares are now approaching the record levels of the 1991-92 rally which ended with the Bombay securities market scandal.

They have more than doubled from their post-scandal lows seen in the spring of last year, when sentiment was depressed by the continuing investigation of the scandal and by the religious unrest which followed the sacking of the Ayodhya mosque.

Foreign investors have bought about $1bn in Indian equities and $1.6bn in Indian companies' overseas issues, most of it since last summer. Foreign fund managers are buying in the hope that India's reforms will stimulate growth in the country's very large economy.

Managers of emerging funds are also seeking to diversify from east Asian markets which could be set for declines after very rapid increases last year.

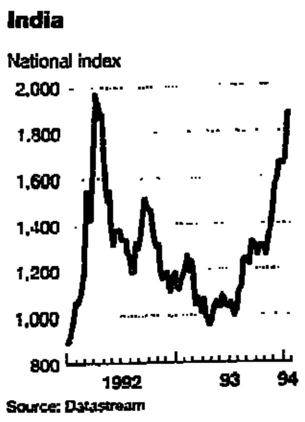
Foreign fund managers have not been put off by a dispute between Indian stockbrokers and the Securities and Exchange Board of India, the markets watchdog, which led to a two-week strike in December.

The brokers stopped work in protest at the board's order to sell positions in an informal forward market called *badla*. The board alleged the forward market was being used to generate excessive speculative demand for shares.

Despite the brokers' protests, the board has held firm and insists that existing forward positions must be liquidated by early March. After that, it proposes to allow forward deals only if they are reported separately from cash transactions.

The board's efforts are expected to help improve transparency on India's 22 exchanges, including the Bombay exchange, which accounts for two thirds of all trades.

The campaign against the *badla* market was spearheaded by Mr G.V. Ramakrishna, SEBI's outspoken chairman, who finished his last day in office yesterday before moving to the lower profile position at the government's Planning Commission. He is being replaced by Mr S.S. Nadkarni, a former banker.



Source: Datastream

Israel cautious over Syrian offer on Golan

By Julian Ozanne in Jerusalem

Israel reacted cautiously to Syrian peace gestures yesterday after US officials said Washington believed Syria had broken new ground which held out the prospect of real progress when both sides resume peace talks next week.

Israeli officials said Mr Dennis Ross, US Middle East co-ordinator, had sought to persuade the government that Syrian President Hafez-al-Assad had given firm guarantees to President Bill Clinton in Geneva on Sunday he would move to normal relations with Israel, including diplomatic and trade links, if Israel was prepared to commit itself to Syrian sovereignty over the entire Golan Heights.

Officials said Mr Ross had also told Israel Mr Clinton and Mr Assad had discussed the possibility of stationing US troops on the Golan to meet security and demilitarisation demands.

Mr Ross also reported that Mr Clinton had agreed to press for a public meeting between Crown Prince Hassan of Jordan and Mr Simon Peres, Israeli foreign minister, in Jordan when the US president meets King Hussein of Jordan at the White House on Friday.

However, most Israeli officials believe Mr Assad made the minimum concession in Geneva which, while being an important step forward, fell short of the breakthrough US officials claim.

They say Mr Assad, either in public or in private talks with Mr Clinton, did not go far enough to entice Israel to make a bold statement on return of the Golan. "A comprehensive peace means different things to Assad, the Americans and to us," said a foreign ministry official.

"For Assad a comprehensive peace still means the full withdrawal of Israel to pre-1967 lines including in Jerusalem and the linkage of all issues together and that is impossible for us."

Jerusalem also believes that, while Mr Assad has spoken for the first time in public, the words "normal relations" meant little without a specific timetable. "If Assad sees normalisation as the last station of our trip and the trip includes the resolution of all issues between us and the Arab world then that is far short of enough to help the government win over public opinion," an official said.

Other Israelis believe the Clinton-Assad summit has forced Israel into a difficult corner having won the Syrian leader an important US recognition of its central strategic role in the region.

"(Assad's) main goal in the summit was reconciliation with the US," said an editorial in yesterday's respected Ha'aretz newspaper.

"He achieved this to a degree which should worry us... without even ending his support of terrorism."

Israel says it will not make a formal response until the peace talks restart in Washington next Monday but it expects the peace process with Syria to remain a long and difficult road. Any territorial concession in the Golan to Syria may also have to be put to an election or national referendum.

See Testing Mr Assad, Leader page

Cambodia delegation for China

The Cambodian government has sent a 40-member delegation to Beijing for a five-day visit intended to lay to rest 30 years of Chinese support for the Khmer Rouge, writes Iain Simpson in Phnom Penh.

The delegation, led by the country's two prime ministers, is also expected to discuss arms sales and other defence issues with its Chinese hosts.

Beijing was the largest source of both political and military support for the Khmer Rouge during its struggle for control of Cambodia in the 1970s, after it came to power in 1975 and during the 12-year civil war that followed its overthrow in 1979.

Thousands of Chinese advisers were sent to Phnom Penh during the radical faction's four-year reign of the country, when hundreds of thousands of Cambodians lost their lives to murder, starvation and disease.

Now, the Chinese government wants to show its Cambodian guests and the rest of the world that those days are over and that Beijing now fully supports the elected government in Phnom Penh and not the Khmer Rouge guerrillas still fighting to bring it down.

Zulus warn of resistance to new order

By Patti Waldmeir in Pretoria

Hundreds of heavily-armed Zulus fired handguns and rifles into the air outside the seat of the government in Pretoria yesterday as the Zulu monarch, King Goodwill Zwelithini, met President F W de Klerk inside to warn of Zulu resistance to the new constitution.

King Goodwill, accompanied by a delegation from the Zulu royal family and Chief Mangosuthu Buthelezi, as well as some 15,000 of his followers, issued what amounted to a final warning that his supporters will not take part in the April vote unless constitutional changes are made to guarantee ethnic Zulu self-determination.

As one young man in the crowd began to explain to me the importance of Zulu self-determination, a shot rang out. The young man repeatedly assured me: "Don't worry, be happy" as hundreds of men around us and shot into the air.

The Pretoria gathering exacerbated high tensions in the townships around Johannesburg, where fighting took place between mainly Zulu hostel dwellers urging a work stay-away and township residents who sought to attend work. Police said at least 12 people were killed, including one stabbed to death at the rally.

Inkatha supporters with traditional weapons leave their Soweto hostel yesterday to join protests in Pretoria *Associated Press*

Final constitutional amendments must be agreed by next Monday to be passed by parliament before the constitution is signed into law on January 31.

After months of fruitless negotiations, officials from Chief Buthelezi's Inkatha party and other right wing groups will meet the government and African National Congress tomorrow for a final round of talks aimed at reaching agreement before the deadline. Inkatha negotiators were last night not hopeful of a deal.

King Goodwill's statement to President de Klerk insisted that participation in the elections would mean "national suicide" for the Zulus because the constitution did not guarantee sufficient regional autonomy. "The Zulus cannot accept that any majority in the rest of South Africa has the right to decide our future." He issued a veiled threat of secession, asking: "If we are not welcome in the new South Africa through self-determination, then why should we remain part of that kind of South Africa?"

Inkatha is due to make a final decision on participation in the elections next weekend.

Sabah chief minister fined

The political future of the East Malaysian state of Sabah has been thrown into confusion with the conviction of Mr Joseph Pairin Kitingan, the state's chief minister, on corruption charges, writes Kieran Cooke in Singapore.

After a trial lasting more than a year Mr Kitingan was found guilty of awarding contracts worth M$1.48m (£360,000) to a company owned by relatives.

Mr Kitingan is leader of the state's ruling Parti Bersatu Sabah (PBS), which, shortly before general elections in 1990, left Malaysia's ruling National Front coalition led by Dr Mahathir Mohamad, the prime minister.

Mr Kitingan was arrested soon after the elections and his supporters have accused leaders of the government in Kuala Lumpur of victimisation. High Court judge Mr Denis Ong said he was satisfied that Mr Kitingan had abused his official position as chief minister. However he received a fine so small as to allow him to lead his tribal-based party at elections next month. Mr Ong fined him M$1,800, just M$200 short of the amount that would have barred him from holding public office.

Japanese investment in Europe falls

By William Dawkins and Paul Abrahams in Tokyo

Japanese industrial investment in Europe fell by nearly a quarter last year, reflecting Japan's economic troubles and the shift of fresh production to emerging Asian markets.

Japanese companies spent $7.06bn (£4.7bn) on 538 investments in western Europe, Turkey and the former Soviet Union, in the year to last July. This was a 24.7 per cent fall on the previous year, says a study by the German Chamber of Commerce and Industry in Japan.

Europe's share of overall Japanese investment has also fallen slightly, from 22.5 per cent of the total to 20.7 per cent, but the chamber forecasts that the region will remain an important production base for Japanese companies. The drop "reflects a certain investment saturation and the current economic slump," said the report.

The chamber predicts Japanese overseas investment will recover, due to the erosion of domestic industry's competitiveness caused by the yen's continuing strength, tough regulations on local content in foreign markets, and international pressure to cut the trade surplus.

Of the European total, 70.8 per cent of investments were in manufacturing industry, mainly cars, electronics and chemicals and pharmaceuticals. Only 7 per cent of overall Japanese industrial production is based offshore, against 25 per cent of US production.

Britain remains Japan's favourite industrial location by a long way, with $2.95bn of investment in the survey period, followed by the Netherlands with $1.45bn, Germany with $769m and France with $456m.

At the same time, the number and scale of foreign acquisitions in Japan declined last year, according to accountants KPMG Peat Marwick. Foreign groups announced only 35 acquisitions compared with 43 in 1992. Purchasers disclosed the value of 11 deals last year worth Y16bn (£96m), compared with 26 deals in 1992 worth Y62bn.

Stryker Corporation's 20 per cent stake in Matsumoto Medical Instruments was the largest non-Japanese acquisition in 1993, but was worth only Y3.3bn. KPMG said the lengthy and complex nature of purchasing Japanese companies explained the absence of significant deals last year.

The largest proportion of Japanese companies acquired last year were family-owned groups. Only one listed company was purchased. Of the foreign acquisitions last year, five were in the pharmaceuticals industry, five in the computer or software sectors, four in chemicals and four in industrial machinery.

US companies concluded the largest number of purchases.

UK urges security accord

Co-operation on defence and security issues between Britain and Japan could be increased as part of a broader strengthening of the close bilateral relationship, Mr Douglas Hurd, UK foreign secretary, suggested yesterday, writes Alexander Nicoll, Asia Editor.

Mr Hurd, addressing a conference in London entitled "Britain & Japan: The New Era," said London and Tokyo already discussed security issues and that there had been small defence sales. He asked whether they could "broaden our defence staff talks, expand mutual visits between service units and generally work for more sharing of experience and know-how."

He reiterated Britain's support for Japanese permanent membership of the United Nations Security Council if it is enlarged.

Both Mr Hurd and Mr Hisashi Owada, an adviser to Mr Tsutomu Hata, Japan's foreign minister, stressed the need for closer Japanese/European co-operation as part of a tripartite structure with the US to build the post-cold war world order.

Mr Owada said strengthening the UN Security Council was "a problem of great urgency and of utmost importance from the viewpoint of making it an organ what can perform a truly central role in the new order based on co-operation among nations."

Mr Owada and Mr Hurd said Britain and Japan should co-operate more closely on science and technology, aid to developing countries and on environmental protection.

Hurd: seeks more co-operation

Gift-giving fails to lift store sales

The year-end gift giving season has failed to stimulate sluggish Japanese consumer spending, according to the latest figures from Tokyo department stores, writes William Dawkins.

Sales at the 27 stores in and around the Japanese capital fell by 7.6 per cent in December, against the same month last year, the 22nd monthly fall in a row, the Japan department store association reported yesterday.

That brought Tokyo stores' total annual sales to Y2,510bn (£15.1bn), down 9.6 per cent on 1992. A drop in traditional corporate year-end gift giving contributed to the December sales decline, but the general trend testifies to consumers' continued gloom at a time when the outlook for wages and jobs is poor.

The gap between workers and employers is far wider than usual as the annual spring wage round nears. The Nikkeiren employers' federation argues that companies must freeze wages to preserve jobs, but the Rengo national trade union federation, argues that a rise of at least 5 per cent is needed to pull the economy out of recession. Mr Takeshi Nagano, Nikkeiren chairman, warned yesterday that he was worried whether companies can continue to support the labour force even at current wage levels.

Evidence of a slight pick-up in industrial demand emerged yesterday, with a 1.5 per cent rise in Japanese crude steel production for 1993, the first year-on-year increase in three years. Yet annual steel output at 99.6m tonnes remained below 100m tonnes, the threshold at which the industry gauges its long term survival, for the second year running.

Unions expect tough pay round

Michiyo Nakamoto reports on the dilemma facing Japan's unions

As the first shots in Japan's spring wage offensive were delivered last week, the country's labour unions braced themselves for what are expected to be stiff negotiations in the next few months.

Mr Takeshi Nagano, chairman of the Japan Federation of Employers' Associations (Nikkeiren) said yesterday little could be expected in the way of wage increases.

"I am worried about whether this spring's labour negotiations can result in wage increases, or whether we will even be able to support the labour force (at current levels)," Mr Nagano told a group of businessmen.

The season will be particularly challenging for the Japanese Electrical, Electronic and Information Union, which represents the country's electronics and software industries. As the union covering one of Japan's leading industries, and as one of the largest unions in Rengo, Japan's Trade Union Confederation, the JEIU's success or failure will be crucial in determining the outcome of talks for other unions.

But the difficulty faced by Japan's electronics industry in the face of the yen's rapid rise and the slump in domestic consumption has meant it will take more than the usual negotiating skills to wrest favourable terms from company managements.

The union, which represents 298 company unions and has a membership of nearly 870,000, is seeking wage rises of 5 per cent, in line with the 5-6 per cent increase being put forward by Rengo.

The 5 per cent rise is a level which the JEIU sees as crucial in raising real wages, stimulating consumption and leading the country out of its economic woes.

According to a JEIU survey of member households, real wages fell last year, while spending rose as a result of higher social security costs.

As a result, the unions also consider an income tax cut essential for economic recovery and are highly critical of the Finance Ministry's position that an income tax cut can only be made if there is a rise in the consumption tax.

"It is against international common sense to increase taxes at a difficult time like this," says Mr Yukuo Ajima, bureau director of the JEIU.

The unions' position is being challenged on various fronts, not least by the Nikkeiren.

The JEIU faces a particularly tough stand from employers, some of whom have suggested that annual wage rises that are part of the employment contract may have to be sacrificed this year.

"The electronics industry has been damaged (in the recession), and we expect (the talks) to be very tough," complains Mr Ajima.

In a bid to bolster the unions' prospects, Rengo members have discussed the possibility of changing the order for when wage settlements are made for each industrial sector. Such order is crucial, since early settlements set the tone for deals made for the rest of Japan's labour unions.

If high settlements can be agreed by the first in line, it is easier to convince management at other industries to follow the lead with good offers.

Traditionally, the JEIU, together with the three other unions representing Japan's leading industries of car, steel and shipbuilding, have been the first to reach annual spring wage settlements, an arrangement that suited the unions while times were good.

But since none of these industries are faring well in Japan's downturn, union leaders are concerned that they might set a negative tone to overall talks.

Nevertheless, there are no other candidates for the job, and the JEIU's Mr Ajima is expecting tough talks ahead in the union's role as standard-bearer. This year, the difference between the position put forward by the unions and that maintained by the employers federation is even greater than last year, when Rengo sought a 7 per cent wage hike.

Few people expect to see tensions rise to dangerous levels over the wage issue. Japanese labour-management relations have not led to active union protests for at least the past 10 years. Nevertheless, Mr Ajima is not ruling out the possibility of strikes just yet.

Australian opposition reshuffle

Mr John Hewson, Australia's beleaguered coalition opposition leader, yesterday made space in his shadow cabinet for Ms Bronwyn Bishop, the high-profile New South Wales senator who is widely seen as a potential challenger for Mr Hewson's job, writes Nikki Tait in Sydney.

Ms Bishop will become the opposition spokesperson for urban and regional strategy. The move triggered a minor reshuffle of opposition roles. Among the more significant changes, Mr Peter Reith, spokesperson on native title legislation, adds defence to his responsibilities. Opposition senate leader Robert Hill loses defence but becomes head of the opposition's policy review committee.

Ms Bishop regularly tops Mr Hewson, and other Liberal party politicians, as the preferred leader of the opposition in public opinion polls.

Central banker puts case for foreign control

By Julian Ozanne

Israel's central bank governor has urged foreign investors to take a controlling stake in some of the commercial banks which will be sold by the government this year.

In an interview, Mr Jacob Frenkel trumpeted last year's breakthrough in Israel's banking sector as the government took measures to restructure the industry, encourage more competition, reduce concentration of ownership and begin selling off the country's leading banks taken over in 1983 after a share manipulation scandal.

"I would like to see a controlling interest in at least some of our banks by foreign investors because international competition is the best recipe to increase competition in the market," Mr Frenkel said.

Mr Avraham Shochat, minister of finance, is expected to announce today the government's go-ahead for the sale this year of ownership in Bank Hapoalim and Bank Leumi, the country's two largest banking groups.

The government has defined a controlling stake as at least 20 per cent of the shares and is expected to sell Bank Leumi first, allowing investors who fail to buy Leumi to bid for Hapoalim later.

Last year the government sold blocks of shares in both banks through the Tel Aviv stock exchange.

"The development of the Middle East in the peace era depends on the capacity to develop efficient and effective intermediation mechanisms that will channel finance and investment," said Mr Frenkel.

"Any foreign investor looking at the Middle East will see Israel favourably because we have established property rights, a legal system, a market system, macro-economic stability and a strategy that is built on a multi-year process of economic reform."

The governor said 1993 had also been a watershed year in macro-economics as the impact of the government's policy shift away from growth led by public sector housing had been felt. Despite the "drastic cut in public housing" the economy had grown 3.5 per cent with industrial exports up 18 per cent and unemployment down from 11.2 per cent to 10.4 per cent.

Mr Frenkel predicted the economy would grow at higher levels this year. The Bank of Israel, he said, was determined to achieve its inflation target of 8 per cent for 1994. He strongly defended the recent hike in interest rates to 11.5 per cent, criticised by the Finance Ministry, saying it was essential to curb inflation which rose last year by 11.2 per cent.

He said the reason for high inflation in 1993 was housing prices which grew last year by 23.7 per cent as a result of the cut in public housing construction, economic expansion and continued immigration. Inflation, excluding housing, was 7.6 per cent last year.

Jacob Frenkel: best recipe to increase competition

The governor said privatisation would be speeded up this year. The government has pledged to sell shares in companies such as El Al, the state airline, and Israel Chemicals and plans to raise $1.5bn (£1.01bn) from the divestiture programme. "I am convinced that the political will, especially on the part of the prime minister, to see privatisation move forward is absolute and not hesitating," he said.

Mr Frenkel, however, warned that the budget deficit target for 1994 of less than 3 per cent of gross domestic product might be difficult to achieve as the government had to pay the unbudgeted costs of the peace process such as the redeployment of Israeli troops in the occupied Gaza Strip and West Bank.

● The first official Israeli economic delegation to visit Morocco returned yesterday after a five-day tour of Rabat, Casablanca and Marrakech, marking a breakthrough in Israeli-Moroccan relations.

The delegation, including senior businessmen in banking, industry and tourism, met the Moroccan prime minister, six economic ministers, the heads of the employers' and manufacturers' associations and leading Moroccan companies.

Big losses feared at Venezuelan bank

Government takes over Banco Latino

By Joseph Mann in Caracas

The Venezuelan government yesterday appointed Mr Roger Urbina, the superintendent of banks, to take full control of the failed Banco Latino, the country's second largest commercial bank.

The announcement followed a government decision late on Sunday night to intervene in the troubled financial institution, an official admission of the bank's failure. Banco Latino was suspended from the national cheque clearing system by the central bank last Thursday.

The superintendent and a new government-appointed board will take full control of the bank, carry out a 90-day study of its financial situation, and later try to sell it, Mr Urbina said.

This means that the cash-strapped government, which has provided financial support for the bank since last month, will have to pour more money into the institution to pay off depositors and try to meet other obligations.

Mr Urbina said the bank, which did not open for business Friday, would re-open next week and would give priority to claims by holders of small savings accounts (the equivalent of $9,345 or less). It is not clear how many of the bank's other account-holders or creditors will be paid.

There are no public estimates by officials on how high the bank's losses in Venezuela could go, but they are expected to be substantial and could have a serious impact on other banks, especially those in which Banco Latino had business and equity interests.

Aside from affecting tens of thousands of individual account-holders, the bank's failure has hurt a wide range of businesses, including private corporations, part of the national oil company and other government-owned concerns.

According to banking sources, Latino may also have considerable assets at its offshore bank in Curaçao.

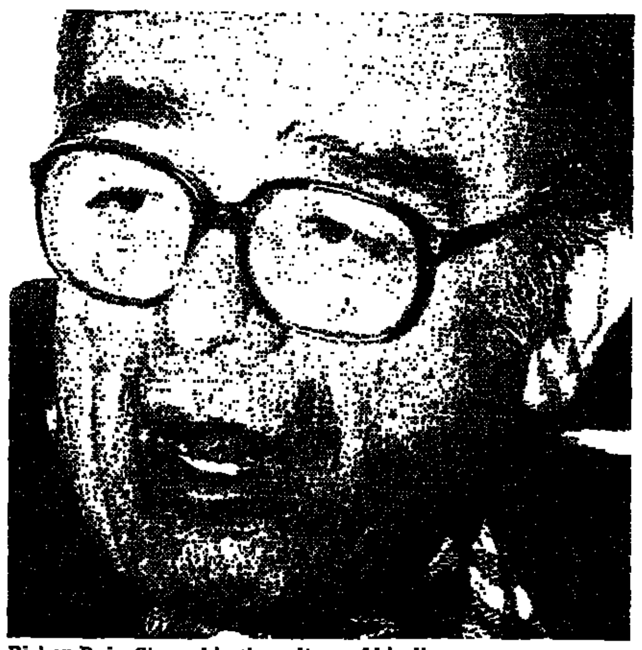
The government delayed its decision to take over Latino while it took an initial look at the books and discussed different options with the bank's main stockholders and representatives of other big commercial banks. It rejected options such as leaving the bank in the hands of its former owners and establishing a pool of funds from other commercial banks to re-float the institution.

Government officials also said they are looking into possible criminal violations by Banco Latino's board members. The Venezuelan bank superintendency had reportedly recommended that the bank sell assets, change its board and reduce costs some time ago, but was ignored.

Bishop at the heart of the struggle

Damian Fraser reports from San Cristóbal de las Casas on roots of Mexico's revolt

Hailed by some as a saviour of Mexican tribal people, and attacked by others as subversive radical, Bishop Samuel Ruiz of San Cristóbal de las Casas has emerged as the central figure in the search for a negotiated solution to the uprising in the southern state of Chiapas.



Bishop Ruiz: Steeped in the culture of his diocese AP

A short man with thick glasses and grey hair, and fluent in tribal languages, Monsignor Ruiz has been bishop at San Cristóbal for the past 34 years. His passionate fight for the rights of indigenous people has pitted him against the government, powerful local landlords and – most recently – the country's conservative Catholic hierarchy.

Over the years, Bishop Ruiz, 69, has filled his diocese with a team of radical priests, deacons and lay teachers fervently committed to the welfare of indigenous people. A close-knit group which likes to communicate by private radio, the bishop's followers are the most organised and powerful force in the Chiapas indigenous community.

The federal government, which first attacked Bishop Ruiz for fuelling the uprising, now sees his co-operation as critical to a long-term solution. Mr Manuel Camacho Solís, the government's new commissioner for peace in the area, last Friday accepted him as the mediator with the rebel Zapatista guerrillas.

The bishop was nearly removed just two months ago. Mr Girolama Prigione, the conservative papal nuncio in Mexico City, alleged that the diocese of San Cristóbal was "full of friction – and not just now, but for the past 20 years, because Don Samuel Ruiz is responsible for grave pastoral, doctrinal and government errors that conflict with the ministry of the church and offend the Pope," according to reports in newspapers.

The nuncio's demand for Bishop Ruiz's resignation was widely held to have been pushed by Mr Patrocinio González Garrido, a hardliner and then the interior minister. He is a former governor of the state of Chiapas. The resignation demand brought protest letters from abroad and vociferous opposition from the tribal people whom Bishop Ruiz has defended.

Now that the pacification of the rebels has become Mexico's top priority, the bishop's position is secure. He has been endorsed by the country's leading bishops; Mr González was asked to resign last Monday.

The bishop's radical views and his group's influence across the region has raised questions over his involvement in the uprising. Many find it difficult to believe that a group so well connected in the local community could not have participated in the revolt.

Bishop Ruiz, while denying any involvement with the rebels, has called the Chiapas uprising a "historic opportunity" to address the oppression of impoverished indigenous people. In his sermon last Sunday, he referred to the Zapatista Army of National Liberation as "brother insurgents".

"Samuel Ruiz, like any revolutionary, has a way of thinking. It is not Christian. It is the ideology of a revolutionary Christ, a fighting Christ," says Mr Gustavo Armendaris, a prominent businessmen and former minister in the Chiapas state government, reflecting the view of many well-off people in San Cristóbal. "He tells the Indians that we stole the land from their fathers and grandfathers. He has stirred them up."

Soon after the uprising, the local state government stated that the "first-hand versions from residents in Ocosingo and Las Margaritas indicate that some Catholic priests and their deacons are tied in with the rebels and help them with the system of radio communication from the San Cristóbal diocese."

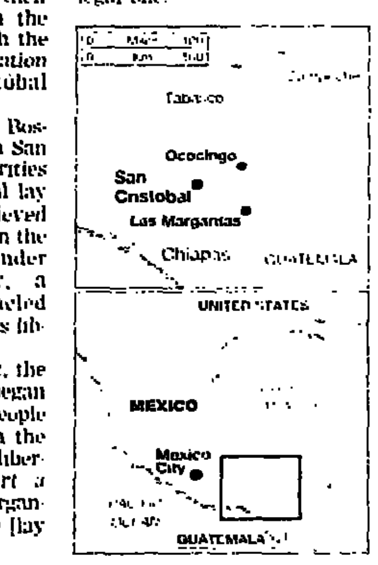
In the coffee town of El Bosque, two hours drive from San Cristóbal, the local authorities arrested and jailed several lay preachers who they believed were planning an attack on the town. These work under Father Hervé Camier, a bearded and bespectacled French priest who supports liberation theology.

Mr Julio César González, the town mayor, said: "We began to hear rumours that people were going to arrive from the villages where they back liberation theology and start a revolt, so we started to organise ourselves, and put the [lay preachers] in jail.

"A few hours later, hundreds of them came running with machetes, knives and sticks, and freed the prisoners."

Fr Camier dismisses such accusations, but says of the rebellion: "It is legitimate if the results compensate for the loss of life. We would not choose this road but we do not judge those who do." He says the catechists – mainly indigenous lay people – may have kept their support for the rebels from the priests, so as not to compromise their superiors.

In another town the local priest, who preferred not to be named, sympathised more explicitly with the rebels: "They felt that the only answer to their problems was to take up arms. They put on a military outfit and declared war. It was their solution and it was a legal one."



Minister unhurt in Colombian car bombing

By Sarita Kendall in Bogotá

Colombia's finance minister, Mr Rudolf Hommes, escaped unhurt in a bomb attack on his armour-plated car yesterday morning. A bodyguard was injured.

The bomb was detonated as the minister's car crossed a flyover in the centre of Bogotá, the Colombian capital. Shrapnel shredded the vehicle's boot and bent in a door.

Mr Hommes said later he had received death threats but did not know who from. He has been finance minister for three-and-a-half years, responsible for opening up the Colombian economy since the beginning of President César Gaviria's administration. Economic liberalisation and policies to reduce inflation have become increasingly unpopular, particularly with the political left.

The attack is being attributed to Communist guerrillas, though no organisation claimed responsibility immediately. Guerrilla groups are stepping up action in rural areas with the approach of congressional and presidential elections, scheduled for March 13 and May 8.

They were blamed for recent bomb attacks in Bogotá. On October 7 explosives hidden at the side of a road were detonated by remote control as a busload of police drove past. Three officers were killed and 30 injured. Just over two weeks later a series of small bombs went off early on National Census Day, killing a beggar.

Congressmen in Brazil likely to face expulsion

By Angus Foster in São Paulo

Brazil's Congress yesterday finished three months of hearings into an alleged corruption network and looked set to recommend expelling 10-30 congressmen tainted by the scandal.

Mr Roberto Magalhães, in charge of writing the investigation's final report, is expected to release the document at the weekend. As well as recommending expulsion or suspension of affected congressmen, the report is likely to suggest several changes to the law and further investigation into non-congressional figures who have been implicated. These include three state governors and several ex-ministers.

The hearings, which at times brought proceedings in the capital Brasília to a virtual standstill as more politicians were named, stemmed from allegations of corruption affecting the framing of the government's budget.

It is alleged that, under the scheme, congressmen received "fees", mainly from construction companies, in return for approving government spending on construction projects. Investigation of the bank accounts of implicated politicians also led to the discovery of other influence-peddling schemes. It is still unclear whether the most senior politicians to be implicated will be expelled from Congress.

The investigation won wide public support but lost momentum in recent weeks as no significant new evidence appeared.

US special zone bids invited

By George Graham in Washington

President Bill Clinton yesterday called for applications from cities and rural areas seeking to be designated as "empowerment zones" and to receive tax breaks and federal grants.

The administration will pick six urban and three rural zones to benefit from the new privileges of an empowerment zone, including wage credits for businesses hiring local residents, extra tax write-offs and a 50 per cent capital gains tax exclusion for small business investments.

Each urban empowerment zone – similar to what used to be called an enterprise zone under Republican administrations – will also receive $100m in grants for social services: rural zones will get $40m each.

In another 95 "enterprise communities", small businesses will be allowed to issue tax exempt bonds. These communities will also receive federal grants. Several Indian reservations will also benefit.

"We have to give special attention to those areas that have been left behind in the ghetto," Vice-President Al Gore said yesterday at a White House ceremony to launch the programme, which is expected to cost around $2.5bn in tax breaks and $1bn in grants.

The creation of urban enterprise zones was a central element in Mr Clinton's election campaign, but the plan has been considerably modified by Congress. Its scope has been reduced and rural communities added to placate powerful congressional interests.

Liberals take axe to Canadian MPs' perks

By Bernard Simon in Toronto

Canada's newly-elected Liberal government has sent a symbolic message on the eve of its first parliamentary session by abolishing some of the lavish perks traditionally enjoyed by MPs.

In line with the goals of fiscal and social reform which are expected to form the centrepiece of today's Throne Speech, the government has, among other things, chopped MPs' C$400 (£203)-a-year picture-framing subsidy, imposed a charge for use of the parliamentary gym, and severely curtailed free air-travel privileges.

Though minor in themselves, these cuts are a pointer to the Liberals' strategy for outflanking the two regional parties – the separatist Bloc Québécois and the prairie-based Reform party – which dominate the opposition benches.

The BQ won 54 seats, all from Quebec, in last October's general election, putting it in the incongruous position of being the official opposition.

The Reform Party won 52 seats on a platform which included fiscal restraint, and a promise of greater accountability by MPs to their constituents. The Liberals have 177 seats in the new parliament.

Mr Jean Chrétien, the prime minister, has indicated that he hopes to take the wind out of the separatists' sails by emphasising economic and social issues.

"If they [the BQ] want to talk about the constitution they will have a clean and clear answer: we're here to solve the problems of unemployment and economic growth," Mr Chrétien said at the weekend. "The debate on separation is not the reason why this Parliament will sit."

The government will present its first budget next month. Mr Paul Martin, finance minister, indicated that the tax base may be broadened to help bring down the budget deficit from an estimated C$45bn this year to around C$37bn in the year to March 31 1995.

But he said that some of the government's most far-reaching initiatives, including an overhaul of the social-security system, will only be unveiled in the 1995 budget.

Delay on common tariff decision

Mercosur chiefs put deadline in doubt

By Angus Foster in São Paulo and John Barham in Buenos Aires

The presidents of the four member countries of Mercosur, Latin America's largest planned common market, yesterday agreed to postpone a decision on the full implementation of common external tariffs, the most controversial dispute dividing them.

The presidents of Argentina, Brazil, Paraguay and Uruguay – respectively Carlos Menem, Itamar Franco, Juan Carlos Wasmosy and Luis Alberto Lacalle – meeting in Uruguay for their regular biannual summit, said they would try to agree on tariffs by the end of June, six months later than planned.

This will make it virtually impossible for Mercosur to meet its January 1 deadline to establish a fully-fledged common market, in which goods would circulate freely while imports from outside the region would be subject to common external tariffs.

The four have agreed tariffs for trade between themselves and with other countries for about 85 per cent of goods. These are being steadily lowered to come into force at the beginning of next year.

However, their failure to agree on external tariffs for certain sensitive areas such as high-technology goods and chemicals means that integration can be only partial at this stage. Brazil has demanded high import tariffs to protect its advanced technology industries, while its smaller, less-industrialised partners want low tariffs.

Original hopes of bringing down tariffs on these sensitive products to the lower levels enjoyed by most products by 2001 are also likely to be delayed. Officials have mentioned a possible five-year delay until 2006 for these sensitive goods, which also include telecommunications equipment and computers.

Despite the disagreements on tariffs, which were expected, the four countries did make headway in harmonisation measures. The presidents agreed to recognise the Basle Accord that specifies capital requirements for banks, harmonise regulations for the securities industry and simplify as well as co-ordinate customs procedures at borders. The four countries were also due to sign joint investment protection agreements.

President Itamar Franco used the meeting to call again for Mercosur to become the base for a free-trade area for the whole of the continent. Regional rivalries, and uncertainty about Brazil's economic instability, have led to only lukewarm responses to Brazil's overtures in the past.

Despite the inter-governmental friction, companies are trading more, creating more joint ventures and alliances. Companies are increasingly treating Argentina, Brazil – and Chile – as a single market.

Trade within Mercosur last year rose by a third to an estimated $8.15bn. Brazil is Argentina's biggest export market. Argentina is Brazil's second largest market and an important oil supplier. Trade has become more evenly balanced: Argentina has increased exports to Brazil, cutting its deficit by two-thirds to $504m in the nine months to September 1993.

Mercedes bus plant in Mexico

By Kevin Done, Motor Industry Correspondent

Mercedes-Benz is to produce up to 3,000 buses and long-distance coaches a year at a DM80m (£31m) plant opened last week at Monterrey in northern Mexico.

The plant will be operated by Mercedes-Benz Omnibuses Mexico, 85 per cent owned by the German vehicle-maker's Mexican subsidiary and 15 per cent by CAIO, a Brazilian coach body-builder. Output will be sold exclusively in the domestic Mexican market, where Mercedes-Benz already has about a third of the heavy bus market (above eight tonnes).

Mercedes-Benz will supply chassis for the Monterrey facility from its main Mexican plant in Santiago Tianguistenco near Mexico City, while the bodies will be supplied from Brazil by CAIO.

The local content of the buses produced at the factory will be around 60 per cent. The workforce will rise from around 100 at present to 850 by the end of the year.

Mercedes-Benz has invested $100m (£67.5m) in Mexico in the past five years and is planning to spend another $100m.

Brittan warns on protectionism

By Lionel Barber in Brussels

Sir Leon Brittan, chief EU trade negotiator, yesterday said that moves to put environmental protection and labour standards at the top of the agenda for future world trade talks could be a pretext for protectionism.

Cautioning against "fashionable and politically correct" solutions to trade problems, Sir Leon distanced himself from recent suggestions made by US President Bill Clinton during his maiden trip to Europe as head of state.

In an address to the Centre for European Policy Studies one month after the successful conclusion of the Gatt Uruguay Round, the senior British commissioner also warned the US against the use of unilateralism in trade disputes, and against strengthening retaliatory powers under section 301 of the US Trade Act.

"The US will have to understand that it has committed itself to the multilateral process that I have described, however tempting domestic policy considerations may be to resort to unilateral action."

His words may irritate the Clinton administration, which has pledged to be "even tougher" in tackling unfair trading practices in the post-Uruguay Round era. It may also raise hackles in the US Congress, which is due to consider ratification of the Gatt accord this year.

In his speech, Sir Leon described the agreement last month as just as significant as the creation of the Gatt itself in 1947. It provided a new framework for open trade in services, a clear timetable for resolution of trade disputes, significantly lower tariffs in industrial products, and a binding agreement to reduce subsidies and protection in farm products. "It is more difficult for the law of the jungle to prevail," he said.

Before leaving for talks in Brussels with Mr Peter Sutherland, director-general of Gatt, Sir Leon added that it was important to produce better offers on market access before the February 15 deadline.

He singled out Japan as needing to improve offers on white spirits and liqueurs, though Tokyo has countered that the EU and US deal on agriculture and offers on electronics is also unsatisfactory.

On labour standards, Sir Leon expressed concern that it could lead the EU into unprofitable arguments over human rights and could be hard to administer. He also noted that the agreements attached to the Nafta free-trade agreement by the US, Canada and Mexico provided only for signatories to apply their own rules rather than impose standards from the outside.

Banana trade talks go to the wire

By David Dodwell, World Trade Editor

Negotiations over a Latin American assault on the European Union's controversial banana import regime are expected to continue today, with Latin American negotiators at odds with each other, and the European Commission alarmed that a breakdown will result in publication of a report damning its preferential trading arrangements with former colonies.

Four of five Latin American banana exporters who brought a complaint against the EU banana import regime to the General Agreement on Tariffs and Trade last year agreed at a key meeting in Costa Rica last Thursday to bow to intense Union pressure to accept Europe's proposed new banana import regime. However, the fifth – Guatemala – remains resolutely opposed to a settlement.

It has won backing from Ecuador, Panama and Honduras, which are important banana exporters, but feel they have been sold short in a proposed European compromise because they are not members of Gatt.

Consensus among the four Latin American countries willing to accept the EU compromise – Colombia, Costa Rica, Nicaragua and Venezuela – appeared fragile late yesterday, as it was reported that Nicaragua was unhappy that Costa Rica and Colombia were the main beneficiaries of compromise.

The Latin Americans were warned in a letter signed by three EU commissioners last week that the Union's new quota offer would not be improved, and would be withdrawn if it was not accepted before a Gatt panel report on the Latin American complaint is published.

Gatt officials yesterday agreed to delay release of the report to this evening, two days after the deadline for publication, in an effort to allow negotiators to reach a compromise.

Indonesia to buy Malaysian cars

By Kieran Cooke in Kuala Lumpur

Proton, the Malaysian car manufacturer, has won its first export order in Indonesia. Under a memorandum of understanding signed in Jakarta, Indonesia will import between 1,500 and 3,000 Protons, which will be used as taxis.

The Proton sale forms part of a complex trade and investment deal being negotiated between Malaysia and Indonesia.

Under agreements signed during a visit to Indonesia last week by Mr Anwar Ibrahim, Malaysia's deputy prime minister and finance minister, Malaysia will contribute $50m to a joint venture capital company which will seek to develop small and medium-scale industries in Indonesia.

Negotiations are also under way on the possible sale to Malaysia of a number of Indonesian transport aircraft, made by the state owned Industri Pesawat Terban Nusantara, while Malaysia hopes to sell its own light trainer aircraft to Jakarta.

Malaysia has said it is investigating the manufacture of Proton components in Indonesia in order to avoid Indonesian car import duties of more than 200 per cent.

PT Citra Lamtoro, a company controlled by Mrs Hardijanti Rukmana, the daughter of Indonesian President Suharto, is to import the Protons into Indonesia.

A brother of Mrs Rukmana is already involved in car assembly operations in Indonesia while another brother is part of an Indonesian group which recently purchased the Lamborghini car company from Chrysler of the US.

NEWS IN BRIEF

ABB power plant order tops $100m

ABB Asea Brown Boveri, the leading world's largest power engineering group, has won received an order worth more than $100m for a combined heat and power plant at Gera near Leipzig, reports Ian Rodger in Zurich.

The order, from Kraftwerke Gera, is the seventh ABB has received for building or refurbishing power plants in eastern Germany since the latter's integration into the federal republic.

The station will to deliver 76MW of electricity and 250MW of thermal energy for the local district heating system. ABB will supply two gas turbines, two steam turbines and the entire electrical plant. The station is to be in operation by mid-1996.

Kazakhstan pays with oilfields

The US-Turkish company United BMB and Germany's Siemens have signed a $581m contract to build a 950MW natural gas-fired power plant in the former Soviet republic of Kazakhstan, writes Steve LeVine in Istanbul.

Company officials said the deal involved no cash. The Caspian Sea republic has granted the two companies three proven oilfields that, over a 10-year period, are expected to make up the contract price plus interest and the cost of oilfield development. About 30 test wells have been drilled in the fields, located in the Aktubinsk region, and they are estimated to contain 60m tonnes of recoverable oil, according to BMB's chairman, Mr Ali Riza Bozkurt.

The consortium, to be led by Siemens, will build the combined-cycle plant, capable of operating on natural gas or kerosene, over a three-year period in Aktubinsk. United BMB will build the plant, and Siemens will supply the technology, including turbines and electrical equipment. Construction is to begin after the consortium and its government partner choose an oil company to help develop the field, after which a production-sharing agreement must be signed with Kazakhstan.

Unisys in Thai defence deal

Unisys, the big US computer company, yesterday announced two contracts totalling $30.2m, AP-DJ reports.

It said the Royal Thai supreme command had formally accepted the Joint Air Defence Digital Information Network (Jaddin) system. It is an integrated air defence information system designed by Unisys for Thailand. Begun in May 1991, the programme is valued at $15.2m.

Separately, Unisys said the Michigan Department of Transportation had chosen it as a qualified vendor to develop a new information technology infrastructure for the department and other state agencies.

Unisys said it was one of multiple vendors that would provide information technology services under a two-year, $15m task order contract.

GE contract for turbines

General Electric's Industrial & Power Systems unit said yesterday it had received a $12m contract from JGC of Japan to supply three steam turbines and generators to an oil refinery in Thailand, AP-DJ reports.

GE Industrial said the turbines would drive compressors at the refinery and the two generators would be used for power generation.

JGC is the engineering procurement and construction supervision company at the new Star Refinery facility, which is owned jointly by Caltex and the Petroleum Authority of Thailand.

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Figures show robust growth in economy

By Philip Coggan, Economics Correspondent

A clutch of economic statistics added yesterday to recent evidence that the UK is enjoying an unusually favourable combination of strengthening growth and low inflation.

December's producer price index shows that companies did not pass on the full amount of the Budget increases in excise duties. "Inflation is under better control than it has been for a quarter of a century," claimed Mr Stephen Dorrell, financial secretary to the UK Treasury.

Meanwhile, other economic news pointed to a robust growth picture:

- December retail sales volumes recorded their highest annual increase since April 1990, according to the Confederation of British Industry's distributive trades survey.
- November's industrial production figures indicate that output has returned to pre-recessionary levels, with the index reaching 100.2 (1990 = 100). Over the three months to November, the annual increase in production was 2.7 per cent, compared with the same period in 1992. "Total industrial production is now growing strongly," said the Treasury.
- Manufacturing output in the three months to November was 0.8 per cent higher than in the previous three months and 1.8 per cent higher than in the same period in 1992. The Central Statistical Office revised upwards, from 1 to 1.5 per cent, its estimate for the annual trend in manufacturing output growth.
- Unit wage costs in the manufacturing sector rose by 0.2 per cent in the three months to November, compared with the same period in 1992. Productivity measures continued to improve with increases in manufacturing output per person employed, and per working hour.

The labour cost statistics, which showed a lower increase than expected, backed up the evidence of producer prices that UK industry faces restrained cost pressures. The producers' output price index rose by 0.5 per cent between November and December. Although this was higher than expected, and pushed the annual increase up to 4 per cent, from 3.6 per cent in November, the Central Statistical Office said that, if the Budget increases in excise duties had been passed on in full, the monthly rise would have been 0.7 per cent.

The main reason was that lower crude oil prices offset the effect on petrol prices of higher excise duties.

If food, beverages, tobacco and petroleum are excluded, the seasonally adjusted monthly increase between November and December was 0.1 per cent, making the annual rise 2.9 per cent, down from 3.1 per cent in November.

Bank eases small companies' fears

By John Gapper, Banking Editor

Mr Eddie George, governor of the Bank of England, last night argued that antagonism between banks and small companies was easing, and companies were unlikely to be constrained from contributing to recovery by a lack of finance.

Mr George spoke after publishing a Bank inquiry which found that tension had been heightened by "exaggerated expectations on one side, and insensitivity on the other", but was mainly caused by the high rate of company failures.

The Bank's largely optimistic conclusion was welcomed by groups representing small businesses. The Confederation of British Industry said the issue was of crucial importance to the economy.

High street banks also welcomed the results, including the finding that banks were "committed to the finance of the small-firm sector", and that companies recognised that banks were "not public utilities" and had to make profits.

The inquiry was conducted personally by Mr George last year after his appointment as governor and followed two studies by the Bank – on terms set by the government – which cleared banks of not passing on interest rate cuts.

Sir Nicholas Goodison, president of the British Bankers' Association, said the findings were "very welcome". He said that the earlier inquiries had been "politically motivated" and too narrow to reflect the issues involved.

The Bank's paper setting out its findings criticised banks for having shown "a lack of sophistication and sensitivity in their dealings" with Britain's 2.5m small businesses, particularly in setting their charges, and taking securities against loans. But Mr George emphasised in a speech to the Sottish CBI and Scottish Enterprise last night that he was "very encouraged" by the inquiry, and by "the extent and variety of initiatives" taken by banks, small companies and the government.

Among its findings, the inquiry concluded that banks should try to offer businesses a wider range of finance than overdrafts. It also suggested that venture capitalists and "business angels" offering equity should be encouraged.

It also said that bank managers needed additional training to be able to offer medium-term finance and other techniques to reduce debt, including factoring and invoice discounting. Small business managers also required more training.

A fire caused £1m worth of damage to the Corn Exchange in Doncaster, South Yorkshire, yesterday. Firefighters were unable to prevent the destruction of the Victorian building's roof

Gooda Names reject settlement offer

By Richard Lapper

Lloyd's Names on the loss-making Gooda Walker syndicates yesterday voted by a margin of five-to-one to reject a £900m settlement offer, dealing a decisive blow to current efforts to settle legal actions at the insurance market outside the courts.

More than 22,000 Names – the individuals whose assets have traditionally supported the market – have until the middle of next month to accept or reject the deal announced last month by Lloyd's. But it now seems highly unlikely that Lloyd's will achieve its target of persuading 70 per cent of Names – by value of the offer – to accept.

The 3,000 members of the Gooda Walker Action Group – Gooda Names taking legal action – stood to receive £220m – 24.4 per cent of the total compensation on offer – had they accepted.

"We will continue litigation in a determined fashion," said Mr Michael Deeny, the action group's chairman. He predicted that legal action would produce a significantly better settlement, and said the offer contained "deeply unsatisfactory conditions".

These included the absence of any provision for so-called "deterioration" – further claims which for action group members could amount to a further £185m on top of existing losses of £580m – and payment of the settlement in credits rather than in cash.

Some 1,563 members of the group voted against the offer, with 300 voting against and five abstentions. As a result all members of the action group are expected to reject the offer.

Over 4,000 Names in total were members of seven Gooda Walker syndicates, whose total losses could eventually reach more than £1.1bn, about a sixth of the total losses suffered by Lloyd's between 1988 and 1991.

Last week Names on Merrett syndicate 418 in 1985 indicated they would reject the offer, while Feltrim Names are expected to vote down the offer when they meet on Friday.

The Gooda Names' legal case alleging negligence by Lloyd's agents is set to come to court on April 26.

Volkswagen importer in strategy for Skoda

By John Griffiths

VAG(UK), the importer of Volkswagen and Audi cars, is to take over the management of Czech-built Skoda car imports to the UK.

Although Skoda Automobile UK will continue to have its own 220-strong dealer network, staff and commercial activities, most of its operations will be run from VAG's Milton Keynes, Buckinghamshire, headquarters.

Mr Robin Woolcock, Skoda Automobile UK's managing director, has been appointed director of Volkswagen in the UK but will also retain responsibility for Skoda until a successor can be found.

The changes announced yesterday are aimed at reducing overall operating costs and increasing efficiency for the three car brands now under the control of VAG(UK), which is wholly owned by Germany's Volkswagen group.

They are part of a strategy aiming for a four-fold increase in Skoda's UK sales, from 10,000 to 40,000, by the late 1990s.

Volkswagen, which has management control of the Czech carmaker, is already overseeing a £3.3bn investment programme in models and plant and will gain a majority share of the Czech company by the end of 1995.

Skoda Automobile UK was set up as a separate entity by VW last year to take over importation of the Czech cars from Skoda (GB), a partly Czech-owned company which had imported the cars for more than 20 years.

Airports report passenger record

By Paul Betts, Aerospace Correspondent

Fresh evidence of recovery in business and leisure travel came yesterday with annual figures showing that UK airports handled a record number of passengers last year.

BAA, the airports group, said its seven airports, including Heathrow and Gatwick in London, saw passenger numbers increase by 5 per cent last year compared with 1992 to a record 80.8m.

This followed a 6.6 per cent increase last month over the same month last year when the seven airports handled 5.7m passengers.

Heathrow saw passenger numbers rise 5.9 per cent to 47.6m last year, while traffic at Gatwick grew only 1.1 per cent to 20m.

This reflected the change in the London air traffic distribution rules which has led to several international airlines switching to Heathrow.

Traffic at Stansted, in Essex, increased 14.5 per cent to 2.7m passengers last year, while Glasgow passed the 5m mark for the first time last year with an increase of 7.4 per cent in passenger traffic.

Last month Stansted recorded growth of 24 per cent compared with December 1992.

Traffic on UK domestic routes rose by 6.4 per cent last month over December 1992, while the charter market was 7.2 per cent higher.

North Atlantic traffic rose 4 per cent last month, while other long haul traffic rose by 12.4 per cent.

Electrical goods warranties probed

By Neil Buckley

Mr Neil Hamilton, a minister at the UK Department of Trade and Industry, has asked the Office of Fair Trading to investigate the sale of extended warranties on electrical goods, following allegations that consumers were being "ripped off" by retailers.

In a written question last week to Mr Hamilton, Mr Nigel Griffiths, Labour's consumer spokesman, claimed stores were selling extended warranties for up to three times more than manufacturers charged for their own schemes.

Retailers were failing to tell customers that cheaper warranties were often available directly from manufacturers.

The OFT said yesterday it was conducting inquiries with a view to an investigation.

Such an investigation would have important implications for electrical retailers, and particularly Dixons, the UK's largest, whose extended warranty business is thought to account for up to 10 per cent of its sales and gross profits.

Mr Griffiths said electrical stores were using the sale of warranties to inflate profits.

Among examples cited by Mr Griffiths were a branch of Currys, part of the Dixons group, selling a five-year warranty for a Sony hi-fi system for £155, when Sony could provide its own warranty for £60; and a branch of Comet, part of the Kingfisher group, charging £119 for a five-year warranty for a Sony system, compared with the manufacturer's £60.

Mr John Clare, chief executive of Dixons, said manufacturers' warranties often covered only the failure of parts – sometimes with important exclusions – while those offered by retailers included all parts and labour, and covered accidental damage.

Malaysian dam 'an abuse of aid'

By James Blitz

Mr John Major, the prime minister, took the final decision to sign an aid deal with the Malaysian government which a top Whitehall mandarin described yesterday as an "abuse" of taxpayers' money.

The aid programme, to build a hydro-electric dam on Malaysia's Pergau river, has cost the British government more than £300m and is the largest expenditure ever incurred on a single project by the Overseas Development Agency.

However, Sir Timothy Lankester, the permanent secretary at the department, told MPs yesterday that, in early 1991, he repeatedly advised ministers not to sign the deal because the dam would be uneconomic until 2005, and would have a detrimental impact on the Malaysian economy.

The project has since been described by the National Audit Office, the government's accountancy watchdog as "a very bad buy", while Labour MPs claim that the aid was part of a deal by which Malaysia bought £1bn of defence equipment.

"It was an abuse of the aid programme in terms that it is an uneconomic project," Sir Timothy told the House of Commons public accounts committee yesterday.

He said that he had sent "many memoranda" to Mr Douglas Hurd not to go ahead with the project but that, in February 1991, "the final decision was taken in consultation with the current prime minister".

The preliminary decision to agree a deal with the Malaysian government was first initiated by Baroness Thatcher, when she was prime minister, in the summer of 1988.

Ministers later realised that construction of the dam was flawed. But in a statement read out at the committee yesterday, Mr Hurd said that the deal needed to be executed "because of earlier commitments".

He also said that the project had led to a significant increase in UK exports to Malaysia, making it "the right decision for British industry".

However, there have been repeated allegations that the aid programme was linked to a decision taken by Malaysia in 1988 to buy £1bn worth of defence equipment. A formal link between the two deals would be illegal under the 1966 Overseas Aid Act, but no documents have been found linking the two.

Major finally wins an uneventful victory

Kevin Brown watches the prime minister's evidence to the Scott inquiry into exports to Iraq

By normal standards, Mr John Major's appearance before the Scott inquiry into arms exports to Iraq was uneventful. By the standards of the last week, it was a triumph.

So low is the government's stock in the wake of the "back to basics" row that a poor performance by Mr Major could have been fatal for his leadership.

In the event, he delivered a confident performance that gave no ground to critics' claims that he must have known about unpublished changes to the government's guidelines for arms-related exports to Iraq.

It was not an electrifying spectacle. Baroness Thatcher struck the inquiry like a lightning bolt; Lord Howe set off an earthquake which is still rumbling; Mr Major merely looked in keeping with the grey Monday morning outside.

By the end, even Mr Robin Cook, the shadow trade and industry secretary, seemed to have accepted that fresh Tory blood was off the menu, at least for now.

But spectacle is not everything. And if Mr Major rarely looked prime ministerial, he did manage to look magisterial, if only occasionally.

Ms Presiley Baxendale, the constitutionally nervous counsel to the inquiry, did her best to unsettle the prime minister, returning again and again to questions about what he knew and when he knew it.

It became clear as the day wore on that neither Ms Baxendale nor Lord Justice Scott had any real evidence to counteract Mr Major's assertion that he knew nothing about alleged changes to the guidelines until November 1992.

Ms Baxendale tried hard as she sought to lead the prime minister into an admission that he knew, or should have known, more than he was admitting.

The judge weighed in too, occasionally conducting a long cross-examination of the prime minister; content at other times to interject a single question or comment.

But the day belonged to Mr Major. After a weekend studying the papers he looked well briefed, and aware of the strong points of his case.

He made the most of them. He had opposed a Hawk trainer deal with Iraq as Treasury chief secretary and foreign secretary on moral as well as financial grounds; he did not see documents which spelt out the debate over changes to the guidelines; intelligence briefings were not passed to him; he was not informed about public interest immunity certificates signed by other ministers to prevent the release of government documents during the Matrix-Churchill trial.

It was a defence which defeated the best efforts of the inquiry team. But it left opposition critics fuming that Mr Major was allowed to get away with claiming he knew nothing about the arms affair, despite holding four relevant cabinet posts during the relevant period.

"The departments through which he passed appear to have been stuffed with documents which he never saw, or which he saw but did not read to the end, or which he read but did not take in," said Mr Cook.

In the end, however, Mr Major himself probably summed up his evidence most concisely while describing his efforts to discover the truth about the alleged changes to the guidelines.

"Something I was not aware had happened suddenly turned out not to have happened," he told the inquiry. Like much else, it passed into the record without comment.

Prime minister John Major arrives to give evidence to the Scott inquiry yesterday Picture: Trevor Humphries

Britain in brief

Ulster peace initiative deadlocked

Sinn Féin, the political wing of the IRA, said yesterday it would make no formal response to the Downing Street Declaration on the future of Northern Ireland until it has received the clarification it has demanded from London and Dublin.

But Downing Street last night attacked Sinn Féin for trying to divert attention from its failure to embrace the peace process.

Mr Tom Hartley, Sinn Féin's national chairman, gave the first explicit confirmation of his party's stance at a Westminster press conference to publish its version of the contacts between the British government and republican leaders.

His remarks leave the UK-Irish peace initiative at an apparent impasse: London has said repeatedly that no clarification of the joint declaration is necessary.

Channel link move welcomed

Some large contractors which previously had expressed little interest in bidding for contracts to build the Channel tunnel rail link said yesterday that they would be reassessing their position as a result of reports that government was prepared to provide up to £1.5bn of public sector money to encourage private sector investment in the project.

Tarmac has yet to express a formal interest in bidding for the project. But it said yesterday that it would be reassessing its position.

Amec said that it would continue to monitor the situation but a number of issues would need to be resolved before it would consider a bid.

John Laing said that it "was monitoring the situation."

● Eurotunnel, the Channel tunnel operator, confirmed yesterday that it had received a final bill for £2.6bn from contractors building the Channel tunnel. The formal claim from contractors had been submitted as a result of request from Eurotunnel and there was no reason why this should prompt legal action. The £2.6bn represented £1.8bn at 1985 prices and 60 per cent of this had been paid already, said Eurotunnel.

Thorp licence comes into effect

The licence for the Thorp nuclear reprocessing plant at Sellafield, in Cumbria, became effective yesterday after being given the go-ahead by the British government last month.

British Nuclear Fuels, owner of the £2.8bn plant, has been waiting a year for the plant.

However, it will be occupied with preliminary tests and moving used fuel rods for reprocessing between sections of the plant for another month.

The plant is not scheduled to become fully radioactive until after the High Court has heard a legal challenge by Greenpeace, the pressure group, and Lancashire County Council, which is set for the week beginning February 7.

Way cleared for Yorks gas field

The British government yesterday cleared the way for development of the Ryedale gas fields in an environmentally sensitive part of North Yorkshire.

The four fields contain about 36bn cu ft of gas. Opposition to an earlier proposal to build a gas processing plant in the mainly agricultural Ryedale area delayed development for some years.

Kelt Energy, the main partner in the consortium developing the fields, has won approval for an alternative proposal to draw 10m cu ft of gas a day to fuel a new £30m, 40MW power plant at Knapton on behalf of ScottishPower.

SFO drops Maxwell charge

Serious Fraud Office prosecutors bringing the Maxwell trial to court yesterday dropped one of the charges against Mr Ian Maxwell and Mr Robert Bunn, the former finance director of Maxwell Communication Corporation.

The dropped charge alleged that the two men had conspired with the Robert Maxwell, Mr Kevin Maxwell and Mr Albert Fuller, a former treasurer of Mirror Group Newspapers, to defraud Bayerische Vereinsbank by falsely representing to it that the Mirror Group owned shares delivered to the bank as security for a loan facility of £25m.

Mr Ian Maxwell still faces two charges of conspiracy to defraud involving £46m. Mr Bunn remains charged with four counts of conspiracy to defraud involving £95m. Both men were present in the High Court yesterday to hear Mr Justice Phillips, formally dismiss the charge against them.

Mr Kevin Maxwell and Mr Fuller remain charged with the alleged offence involving Bayerische Vereinsbank.

BBC is sued by US drugs group

A libel case brought by US drugs company Upjohn against the BBC began yesterday in the High Court.

The company is seeking damages over allegations in a 1991 Panorama programme on the marketing and side-effects of its Halcion sleeping drug.

Michigan-based Upjohn and its UK subsidiary are claiming damages over the programme, The Halcion Nightmare, and against Professor Ian Oswald, a former professor of psychiatry at Edinburgh University, over an article published in the New York Times, which is distributed in Britain.

Prof Oswald is counter-claiming libel damages against Upjohn over what it has said in its defence.

Rover recalls 50,000 cars

Rover, a subsidiary of British Aerospace subsidiary, is recalling more than 50,000 of its 800 models because of a possible fault with seat belts.

The company is recalling all saloon and fastback models built between October 1991 and November 1993. The recall does not involve the 800 coupe model. Rover said there had been three cases of the front belt not being secured correctly to the anchorage point on the seat.

TECHNOLOGY

Haig Simonian reports on a computer system which makes decisions based on constantly changing variables

Europe's newest interpreter

What do a London-based cancer research fund, Greek tourism, French aerospace and pollution in Venice have in common?

All four are guinea pigs in a new project, partly funded by the European Union, to develop a ground-breaking computer-programming language to help decision-making where thousands of constantly changing variables are involved.

The four ventures are part of a research project under the EU's Esprit information technology initiative, combining state and private-sector bodies. The three-year Ecu3.5m (£2.7m) venture, now at its half-way stage, brings together the Munich-based European Computer-industry Research Centre (ECRC), a joint venture between ICL (British-based and Japanese-owned), Bull of France and Germany's Siemens, with a variety of state and private-sector end users.

Sophisticated computer software to process long strings of information in parallel, as opposed to one piece of data after another, is nothing new. In meteorology, supercomputers work round the clock to predict weather patterns, based on huge quantities of data on wind speeds, atmospheric pressures and a plethora of other variables.

However, computer-based weather forecasting largely involves processing complex mathematical formulae, explains Alex Herold, a group leader at the ECRC. What is different about the new venture is that it combines four distinct types of software writing to produce a result which is closer than any predecessor to logical human thought. "Hence the name: Applause – Applications and Assessment of Parallel Processing using Logic," he says.

The new language differs from existing products in that it is designed not only to absorb vast amounts of data, but also to interpret them and draw appropriate conclusions.

Applause involves combining four programming technologies – logic programming; constraint programming (in which various conditions are imposed); parallel processing and database connection – to produce a high-level programming language for very high performance computers.

If the ECRC cracks the nut, a vast range of applications could unfold. The new language could assist any group confronted with thousands of variables and the need for very fast processing to reach real-time decisions based on potential changes between the factors involved.

If the project succeeds, it would embody the lofty aims of the controversial Esprit scheme – into which large amounts of money are being pumped by the EU and individual information technology companies – to marry pure university-based research with potential commercial applications.

UPP

Venice has one of the world's most beautiful, but also most polluted, lagoons. The new database will catalogue emissions

For their work to bear fruit, the Munich researchers must not only develop a suitable language, but also show that it has practical uses. Only by developing the software alongside realistic applications can the scheme realise its full potential. And potential users must be persuaded that the new language is effective if they are to have the confidence to take it up for themselves.

Hence the four very different ventures with which the ECRC researchers are collaborating. All are in different parts of the EU, helping to counter criticisms that Esprit is tailored exclusively for the EU's richer northern members. The projects also deliberately cover different disciplines, even if the underlying software is the same, to build confidence in the new technology being developed in Munich.

In London, the Imperial Cancer Research Fund is working with the ECRC to use the software for research on protein synthesis. "The molecular biologists and physicists in London are trying to predict the structure of proteins," explains Herold. If it works, the software should help the laboratory researchers analyse how protein molecules react under different circumstances.

In Athens, the ECRC is working with Expert Systems International, a Greek software specialist, the Greek National Tourism Organisation and the University of Athens, to create a database and decision support system for visitors. Tourists will be able to combine information about their holiday time, budget and preferences with a vast domestic database.

The co-operation with Dassault in France could hardly be more different. At the aerospace group's Toulouse works, the project is being tailored to the needs of a busy aircraft production line, where engineers and production staff need to work on advance scheduling for future manufacturing needs.

In Venice, the ECRC is co-operating with Systems and Management, a leading Rome-based software house, to help design a new system for the city's water authorities to control pollution in one of the world's most beautiful, but also most contaminated, lagoons.

The relationship between the Venice-based water magistrature and Systems and Management, predates Applause. The software house had already been working with ICL on a new language for banking software in high-performance computing. Separately, in 1991, the magistrature's anti-pollution chief, Giorgio Ferrari, received long-awaited funding to compile a voluminous database on the possible sources of pollution in the shallow, overcrowded lagoon.

"Although everyone complains about the pollution in Venice and the lack of action, the first laws recognised the need for action back in 1936," says Ferrari. "The problem is that although the law appears very rigid, there is an ample margin for error. We needed an instrument which would help us decide if an emission could be damaging, even if it was below the legal limit, because of its potential impact with other substances in the lagoon."

Before suggesting changes to the legislation, let alone taking draconian steps such as revoking licences for local industry, Ferrari needed a database cataloguing levels of pollution, its sources and the type of emissions pouring into the waters.

The team has already completed its "census" of potential pollutants in Porto Marghera, the big industrial complex near Mestre, Venice's industrial alter ego on the mainland. Attention has now switched to Venice itself and the neighbouring island of Murano, famous for its glass-blowers. Both are huge hazards. "People forget that in Venice we have no drains," points out Ferrari. That means vast quantities of human waste flow into the lagoon every day, alongside other residues from the thousands of service industries such as hotels and restaurants which make up Venice. Murano adds other pollutants such as lead and arsenic, widely used in the glass industry.

The database will be supplemented by frequent chemical analysis of lagoon water and by a handful of automatic pollution sensor stations now operating experimentally. More automatic sensors would improve the coverage, but their installation remains prohibitively expensive, says Giuseppe Sardu, one of the research directors at Systems and Management.

Huge processing power is required to handle the quantity of information in the database, and information from the regular water samplings, and take into account the hydraulic effects caused by the heavy tidal action in the lagoon.

Once the data has been collected, Ferrari will use it alongside the new ECRC software. Combined, the two systems should make it possible to forecast pollution patterns and take decisions on any issues related to water pollution by simulating the potential environmental impact.

Combining the new software with the established database "will help us decide on granting future licences to businesses and, possibly, on revoking authorisation for others seen to be creating unmanageable pollution", says Ferrari. No software currently on the market meets such complex needs, he adds.

If the research proves successful, it is precisely such a commercially viable product that the ECRC hopes to create. Says Sardu: "We are already looking at other applications, and have identified transport fleet management as one area with considerable potential for the new language, although full-scale commerical exploitation is still probably two to three years off."

Catching up with bio reactions

Clive Cookson on an instrument which speeds up experiments

A new instrument, which follows the progress of biological reactions as they happen, promises to transform procedures in biomedical research.

Arnold Coffer, who runs the Imperial Cancer Research Fund's protein isolation and cloning laboratory in London, says Fisons' IAsys biosensor allows him "to obtain within minutes information that would previously have required days of experiments with dozens of test tubes, using radioactive tracer reagents".

IAsys owes its existence to a £620,000 innovation grant from the Department of Trade and Industry, which partially funded its development during the late 1980s.

The project involved two UK companies, Fisons and Plessey, with Cambridge University's Institute of Biotechnology as the academic partner. Fisons assumed full responsibility for commercialising the research in 1990, after Plessey's takeover by GEC, and set up a new biosensor company within its scientific instrument division.

David Fortune, managing director of Fisons Applied Sensor Technology, sees the project as a classic example of the role government support for pre-competitive research can play in bringing an important new technology into existence. Plessey's Caswell research centre contributed its expertise in transducers and opto-electronics, the Cambridge group its knowledge of biological surfaces and Fisons its experience in instrumentation.

"The collaboration was essential because Fisons entered without any know-how in biosensors apart from some scientific dabbling in the mid 1970s," Fortune says. "We wouldn't have been prepared to go into such a speculative new area if the DTI had not paid half the costs of our working with Chris Lowe and his group at Cambridge."

Fortune believes Fisons has emerged with a world-beating technology which is potentially valuable to about 40,000 laboratories involved in medical, pharmaceutical and biological research.

"Many hundreds of labs are looking in detail at this technique," he says.

IAsys can be used to investigate interactions between almost any pair of biological molecules, including antibody-antigen, protein-protein and ligand-receptor binding. Pharmaceutical researchers seeking a molecule to fit into a particular receptor site on a cell can measure both the speed with which candidate drugs bind to the site and the strength of the resulting bond.

Coffer's lab is using IAsys for several research projects. One example is the evaluation of new compounds which block the action of oestrogen hormones as treatments for breast cancer: the scientists make copies of the protein that serves as the oestrogen receptor in human cells and then see how strongly different candidate drugs bind to it.

"I don't think one machine will be sufficient here, now that word is getting around about what it can do," Coffer says. "Maybe two or three would satisfy the requirements of the ICRF."

The basis of IAsys is "optical evanescent wave technology". In brief, it uses light to follow the reaction between a pair of compounds. One is immobilised on the surface of the instrument's transparent cell, which is coated with dextran gel. A tiny drop of the second chemical is then added.

Any reaction between the two compounds changes the optical properties of the dextran gel. The instrument detects this by shining a laser beam on to the surface and measuring the light reflected back.

The only competition to the £50,000 IAsys is a more expensive optical biosensor developed by Pharmacia of Sweden, Fortune says. "It is quite a heavily patented area and we do not anticipate any further competition for at least the next three years."

IAsys will not produce revenue quickly enough to rescue Fisons from its present financial troubles, but it is just the sort of development the company needs to return to long-term growth and prosperity.

In a Nutshell

Let your pension buy an office

The pension industry may be under siege, with the Securities and Investments Board estimating that more than three quarters of people who took out personal pensions since 1988 were given "inadequate advice".

But there is at least one *benefit available that may have* been largely ignored.

According to Personal Pension Management, part of Provident Life, businessmen and women can use their own pension funds to buy an office for their businesses.

Their businesses then pay a "rent" to the pension plan, rather than to a landlord. The property is sold on retirement and any profit is put into the pension.

These so-called Self-Invested Personal Pension Plans (SIPPs) are little known, partly because they are not attractive sales for pension salesmen working on commission. But they can produce substantial savings for groups of individuals, such as partners in the same firm, PPM says.

Personal Pension Management: 0722 414888.

A helping hand with BS 5750

With larger companies increasingly only dealing with suppliers that have adopted the BS 5750 quality standard, smaller companies may be facing an inevitable increase in their overheads.

Whatever the benefits might be, BS 5750 can be expensive to implement and maintain for smaller companies. This may put pressure on the British Standards Institute to modify the standard for smaller companies.

To discuss the increasingly pressing issues behind BS 5750 and quality, the Small Business Research Centre at Kingston University is holding a workshop of consultants, academics and lobby groups on February 16.

Details on 081 547 7247.

Richard Gourlay says the venture capital industry is lobbying for a better deal on investment trusts

The shape of things to come

When Britain's chancellor announced in his November budget that he would introduce new venture capital investment trusts, a buzz of excitement spread through the investment and small business community.

Taken with the new Enterprise Investment Scheme, which replaces the Business Expansion Scheme, and changes to rules on capital gains tax roll-over relief, the government at last appeared to be addressing the problems of private investors who fund smaller companies.

But, as ever, the devil is in the detail. With a consultative document on the new investment trusts due out at the end of the month, there is some concern that the Inland Revenue will bind them with *overly restrictive rules to avoid the* kind of shenanigans that marked the last years of the BES.

Granted, the future salesmen of the new trusts have an interest in sounding gloomy to tease more concessions from the government. But even taking their comments with a healthy pinch of salt, there appears to be a real concern that tax breaks alone may not make the scheme sufficiently attractive to justify the high risk of investing in unquoted companies.

Professional investors say excessive Inland Revenue caution could jeopardise the best attempt any government has yet made to reduce the shortage of investment capital that has dogged small and medium-sized companies since the 1930s.

For unquoted companies, properly structured trusts would hold the promise of an increase in the supply of venture capital. For investors, they would open up an area of investment that is currently dominated by professional investors.

The specific attraction for investors in the new style venture capital investment trusts (VCITs) is that dividends and capital gains on holdings would be paid free of tax. In this way they would be similar to *Personal Equity Plans.*

So what elements does the Association of Investment Trust Companies say need to be included to make VCITs attractive?

At the time of the budget, the Inland Revenue said a "substantial proportion" of the VCITs' assets should be held in unquoted trading companies. The AITC says this proportion should be 70 per cent – although the Inland Revenue may be thinking of a higher level. The 30 per cent balance should be either shares in companies that have gone public after being held as unquoted investments, the proceeds of sales, or uninvested cash, the AITC says.

It calls for a relatively long three-year period in which to invest the 70 per cent. And it says trusts should be allowed a generous period in which to reinvest proceeds of realisations.

"If the venture capital investment trusts became forced sellers (when one of its investments floated) it would become something of a dampener on the share price," says Ernest Fenton, director-general of the AITC.

Crucially, professional investors want recognition that companies seek funding though a package of financial instruments and do not only want equity. The AITC and the Inland Revenue appear to agree that qualifying investments should include loan stock, mezzanine debt instruments, preference shares and warrants as well as equity.

The AITC firmly believes there should be no limit to the size of the unquoted company in which the VCITs can invest. "There is just as much of a funding gap for larger unquoted companies," says Fenton.

If investment is restricted to the smallest companies, venture capital managers might be loathe to launch a trust.

"If the rules for venture capital trusts say we can only invest in very small companies – ie with sales less than £1m – we would not be interested [in setting up an investment trust] and I don't think many people would be," says William Eccles, a director of Foreign & Colonial Ventures which manages a quoted venture capital trust.

Finally, the AITC says it expects the 22 existing venture capital trusts – with assets of about £1.6bn and a market capitalisation of about £1.3bn – to be allowed to qualify. But it expects that less than 10 of the existing trusts would qualify under its suggested criteria.

There appears to be considerable common ground between the AITC and Inland Revenue on the above points. Where they are more likely to part company is over what the AITC says is necessary to make the trusts attractive enough to generate investor interest.

"With venture capital you get into illiquid situations," says Fenton. "Without further incentives it will be difficult to market these things." Among the additional incentives he would like to see are:

- Capital gains roll-over relief on profits made on other investments – whether the sale of ICI shares or a second home – if the profits are invested in venture capital investment trusts. This postponed CGT liability to be waived entirely if the investment in the trust is held for five years.
- No maximum limit to the amount of investment any individual can make, or a high limit of at least £100,000. Investor prudence, the AITC says, is likely to provide a natural limit.
- Any losses to be offset against income tax, as was the case with the Business Start-Up Scheme which preceded the BES.

Striking the right balance between making the scheme attractive and avoiding abuse will be a delicate task. The quoted venture capital trusts have had a poor record relative to the FT-All share index over the last 10 years – although the category did outperform the Footsie in 1993. Too many restrictions would not entice investors to risk investing in unquoted companies, even indirectly, through investment trusts.

But there is a risk if the government makes the regime too liberal. "The scheme may get distorted again into a purely tax-saving device and will not help back smaller companies," says Eccles.

Thin pickings may provide food for thought

The BES's record is likely to hang heavily over efforts to promote interest in the Enterprise Investment Scheme

It should have been such a jolly event. After nearly six years as investors in a Business Expansion Scheme that funded the Deals restaurant chain, shareholders were attending the opening of a third outlet, a finely converted building in Hammersmith, west London.

But despite the presence of Lord Lichfield, royal photographer, and the Queen's nephew, Viscount Linley – both large investors in the BES – a cloud hung over proceedings.

The free champagne at the launch party is about the only return Deals investors have seen so far. Several have begun to ask – some rather forcefully – when they might get their money back. And what about a dividend? With admirable stoicism, one shareholder summed up the extent to which expectations had slipped. "At least Deals has survived."

While this hardly smacks of an ambitious investment target, survival is indeed an achievement. The fact is that of the 1,300 publicly-funded trading companies set up under the BES scheme, less than 20 per cent have so far returned any cash to investors, according to John Spiers, editor of BESt Investment, which monitors and evaluates the schemes.

It is a record that will hang heavily over efforts to interest investors in the replacement for the BES, the Enterprise Investment Scheme, announced in the last budget by Chancellor Kenneth Clarke.

But the record is not entirely bleak. Those who invested in schemes between 1983-85 on the whole got back their gross investment and the benefit of tax breaks, according to Spiers. But those who invested in the next three years fared much worse as the recession swept many companies away.

Nevertheless, the successes are notable. The films *Leon the Pig Farmer* and *Henry V* were both critically acclaimed as box office successes and should give a handsome return to their investors. Takare and Associated Nursing, two healthcare companies now quoted, also started as BES schemes.

Shares in Resort Hotels, by contrast, are now suspended having been successfully floated. And Graham Wood, a structural steel producer, went bust in 1992, although not before it had given its original investors ample opportunity to sell in the market.

Of the 20 BES companies listed, only about half have survived, according to Tim Villiers, of the BES Association.

Broadly speaking, the finance bill published last week suggests the new EIS scheme will be modelled on BES legislation but will remove the opportunity to invest in property ventures like the assured tenancy scheme.

The legislation remains fiendishly complicated, accountants say, but there are some positive changes. Investors will be allowed to take an active and paid role on the boards of the companies in which they invest, bringing in valuable expertise.

Second, the up-front tax break for the new EIS has been cut to 20 per cent, though capital gains and dividends are free of tax.

While this is less generous than the 40 per cent tax break allowed under the old BES, it may mean investors in future take a far closer look at the underlying investment. Trading company BES schemes were too often supported for the tax incentives alone.

But the EIS is generating less interest than the Venture Capital Investment Trusts, announced in the budget (see above). According to Charles Fry, of Johnson Fry, one of the largest sponsors of BES schemes, the EIS is unlikely to raise more than £50m in its first year.

RG

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The Financial Times proposes to publish a Survey on
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on Tuesday, February 22

The survey will review the taxation system worldwide and examine the challenges it will face in 1994 and the implications for the international business community. The survey will reach an estimated international readership of 1 million.

For an editorial synopsis and information on advertising opportunities please contact SARA MASON on Tel: 071 873 4874 Fax: 071 873 3064

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CONTRACTS & TENDERS

TEK
TURKISH ELECTRICITY AUTHORITY
INVITATION FOR BID

1. TURKISH ELECTRICITY AUTHORITY (TEK) now invites sealed bids from bidders for the consultancy services of **Akkuyu Nuclear Power Plant** (Reference No: 94-NUK/1)
2. Interested Bidders may obtain further information from and see the bidding documents at the office of:

   TEK
   TURKISH ELECTRICITY AUTHORITY
   FOREIGN TRADE DEPARTMENT
   Inonu Bulvari No. 27 3rd floor Room: 3034
   Bahcelievler - ANKARA TURKIYE
3. A complete set of Bidding Documents maybe purchased by any interested Bidder on the submission of a written application to the address written in clause 2 above and upon payment of a non-refundable fee of 200,-USD or 3,000,000,-TL (incl-VAT). The offers of the firms who have not bought the bidding documents shall be rejected.
4. Bids must be delivered in a closed and sealed envelope to the address specified under clause 2 above, not later than 12.00 hours on **10th March 1994.**
5. The Turkish Electricity Authority is exempt from the Law No: 2886 (of the Republic of Turkey).

TPA
TEACHERS' PENSIONS AGENCY

SUPERANNUATION CONTRIBUTIONS COLLECTION

NOTICE OF TENDERING

The Teachers' Pensions Agency (TPA) is an Executive Agency of the Department for Education. Based in Darlington, it administers the superannuation scheme for Teachers in England and Wales. The TPA is to tender its existing contribution collection contract which currently embraces:

- the collection by monthly instalment of £1.6 billion (per annum) of teachers and employers superannuation contributions from 3,900 (and increasing) employers of teachers;
- maintenance of records, institution of interest demands for late payment;
- reminder action on incidence of non payment;
- the provision of regular reports and statements on the above on an individualised basis.

Any company that believes it has the necessary level of experience and competence in the areas of work identified above should make a written expression of interest before Friday 11th February 1994. A detailed business questionnaire will be forwarded and from the information received, together with extensive research and analysis, the TPA will prepare a select list.

[Further background information is available from Mrs S Winship, Contributions Manager, TPA, tel 0325 392321.]

Interested companies should write to:

Central Purchasing Unit, Room 0115
Department for Education
Mowden Hall,
Staindrop Road,
Darlington, Co Durham DL3 9BG

No additional information should be forwarded at this time.

Completed questionnaires must be returned to the above address by *25th February 1994* marked for the attention of Neil Oxley.

BRAZILIAN TRAINING SHIP
NE "BRAZIL" PUBLIC TENDER NE. 001/94

Notice is hereby given that the AMRJ-NR "BRAZIL" with offices at: Ilha das Cobras, S/Nº - Rio de Janeiro, Brazil, CEP 20091-000, is accepting tenders to choose a supplier for **DRY AND FROZEN FOODS TO THE BRAZILIAN TRAINING SHIP DURING THE TRAINING CRUISE 1994. TENDERERS MUST HAVE A LEGAL REPRESENTATIVE IN BRAZIL.** The latest date for submission of qualifying documents and quotations is 3pm on 16th February 1994 and the details of this Public Tender are available, at request, at the above address. For further information you may require, please contact:

NE "BRAZIL" - AMRJ
Fax: 55 21 253 6027/216 6650
Tel: 55 21 216 6653/216 6650

LEGAL NOTICES

The Insolvency Act 1986
POENSGEN SOKOLOW LIMITED

Notice is hereby given pursuant to Section 98 of The Insolvency Act 1986 that a meeting of the creditors of the above named Company will be held at Sherlock House, 7 Kenrick Place, London, W1H 3FF on 26th January 1994 at 12.00 noon for the purposes provided for in the Section et seq.
A list of the names and addresses of the above Company's Creditors can be inspected at offices of Latham Crossley & Davis, Sherlock House, 7 Kenrick Place, London, W1H 3FF, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 12th January 1994
TOBIAS A. POENSGEN, Director

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company. Harrier Systems Limited. Registered No: 2197422. Trade classification: 36. Name and address of joint administrative receivers: David John Stokes and Michael Joseph Moore, Coopers & Lybrand, 1 East Parade, Sheffield S1 2ET. Office holder numbers: 2682 and 5562. Date of appointment. 7 January 1994. Name of appointer. South Yorkshire Pensions Authority.

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(all in administrative receivership)

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named companies will be held at the Beverley Inn, 117 Thorne Road, Edenthorpe, Doncaster, South Yorkshire DN3 2JE, on the 28th day of January 1994 at 11.00 o'clock in the forenoon, for the purpose of having laid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.
Creditors are only entitled to vote if:
(a) they have delivered to us at Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham, B5 4UU, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986, and
(b) there had been lodged with us any proxy which the creditor intends to use on his behalf.
Dated this 12th day of January 1994
N TOMBS and A M MENZIES
Joint Administrative receivers

In the High Court of Justice Chancery Division — No. 0010521 of 1993

IN THE MATTER OF ICUZZINI ILLUMINAZIONE UK LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Petition was on the 1st December 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £500,000 to £121,578.
And Notice is further given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 2nd February 1994.
Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.
Copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors upon payment of the regulated charge for the same.
Dated this 13th day of January 1994.
Messrs Mackenzie Mills,
76 Shoe Lane,
London
EC4A 3JB
Ref: CIC/PW
Solicitors for the above-named Company

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Fax: 071 873 3064

BUSINESS AND THE LAW

Guarantees can be restricted

EUROPEAN COURT

Companies selling luxury goods under guarantee in the European Union are entitled to restrict guarantees to those goods sold through a European Commission-approved selective distribution network, the European Court of Justice ruled last week.

The case concerned the sale of Cartier watches sold via selective distribution networks organised around distributors selected according to qualitative criteria. The distribution agreements made between Cartier and the distributors were found by the Commission not to fall foul of Rome treaty competition rules.

A dispute arose between Cartier and Metro, a German cash and carry chain. Metro was not an approved Cartier distributor, but nonetheless had sold Cartier watches bought from third country markets such as Switzerland for several years. Under Swiss law, approved dealers in selective distribution networks cannot refuse to supply non-approved dealers.

Cartier watches are sold with a manufacturer's guarantee. However, the guarantee will only be honoured if there is proof on the guarantee certificate that the watch was bought from an approved distributor. Metro claimed such a restriction was contrary to EU competition rules and brought an action before the Düsseldorf courts, seeking a declaration that Cartier was lawfully bound to honour guarantees for watches sold within the Metro network.

After a long series of hearings, involving two appeals to the Court of Appeal, the lower court referred the issue to the European Court. Under German law, the main issue was the effectiveness of the distribution agreement. The Appeal Court had ruled that the restrictions under the selective distribution agreement relating to guarantees would only be valid if the agreement was totally effective, in other words was capable of being completely respected.

The question that was therefore asked of the European Court was whether the validity of a selective distribution agreement in terms of EU competition law was put into doubt by the fact that the agreement in question was not wholly effective in countries outside the Union, thereby leading to a situation where supposedly protected goods were freely available to non-authorised dealers for eventual sale within the EU.

The European Court found that the principle which had evolved under German law, but was practically unknown elsewhere in the EU, did not necessarily imply that contractual validity was dependent on the total effectiveness of the obligations in question.

It pointed out that if the validity of selective distribution systems were submitted to this principle, then the paradoxical result would be that the most rigid agreements would be treated more favourably than the more flexible agreements which allowed for parallel trading.

Given that, and the fact that in some member states the application of such a principle is prohibited, the Court said that a selective distribution agreement, such as the one in question, was not put in doubt because it was not totally effective in countries outside the EU.

The Court also examined the question of the validity under EU competition law of restrictions placed on the grant of guarantees for watches sold by agreed distributors.

The Court first found that a contractual obligation limiting the grant of guarantees to approved distributors and thus withholding such guarantees from non-authorised distributors had the same effect as the contractual restrictions limiting the sale of the products to the approved distributors.

Given that the contractual obligation undertaken by the manufacturer only to sell the relevant products to approved distributors was legally valid, as well as the obligation undertaken by the approved distributors only to sell the products to consumers or other approved distributors, the Court found that there was no reason to submit the restrictions placed on the grant of guarantees to a more onerous and strict legal regime.

C-376/92: Metro SB-Grossmarkte GmbH v Cartier SA, ECJ 5CH, January 13 1994

BRICK COURT CHAMBERS,
BRUSSELS

Confusion over contracts

Draft legislation threatens another row in the UK, says Robert Rice

The UK's Department of Trade and Industry finds itself under fire again over plans for implementing another piece of European legislation: this time, on consumer contracts.

The row comes just as the dust is beginning to settle after eleventh-hour changes were made to the UK commercial agency rules, which left British companies only 10 days to renegotiate their agency agreements.

The European Directive on Unfair Terms in Consumer Contracts, which must be incorporated into UK law by the end of 1994, is designed to extend the protection of consumers against unfair attempts by suppliers of goods and services to exclude, or limit their liability to, areas not covered by current UK legislation.

The extension of the unfair contract terms regime to insurance and financial services contracts, and to contracts for land in particular, will force businesses in those sectors to make a time-consuming and possibly expensive review of all their standard terms and conditions.

Consultation on the draft regulations, which will bring UK law into line with Europe, ended last Friday. In theory this should leave the DTI sufficient leeway to produce a final draft in time for businesses to carry out an orderly review of their consumer contracts before implementation. But lawyers and consumer organisations fear that the draft regulations are so flawed and in need of clarification that another fiasco, similar to that over the commercial agency regulations, cannot be ruled out.

At a general level there is concern that, rather than replacing the rules in the 1977 Unfair Contract Terms Act (UCTA), the new regulations will run alongside the current regime. Ms Samantha Mobley, a solicitor with the City law firm Baker & McKenzie, says the wisdom of this approach is questionable. "At a time when the government's buzz-word is deregulation, it makes no sense to impose an additional layer of regulation to existing legislation," she says.

Consumer organisations agree. Ms Rebecca Evans, the Consumers' Association's consumer lawyer, says having two regimes running side-by-side will confuse traders and consumers. The law will have to be consolidated at some stage, but it is now clear that the government cannot introduce primary legislation to replace the 1977 act in time to meet the December 31 deadline.

Consumer organisations are also concerned that the DTI proposes to ignore enforcement measures set out in the directive. The directive requires European Union member states to ensure that "adequate and effective means" exist for the control of the use of unfair terms in consumer contracts. Those means must include the granting of legal rights to persons or organisations with a legitimate interest in protecting consumers – in other words, consumer organisations must be allowed to bring representative actions in the courts on behalf of consumers.

This is a dilemma for the DTI, as representative actions are contrary to the English law principle of privity of contract. The DTI's solution to this problem is to opt out of this part of the directive. But, again, lawyers cast doubt on the wisdom of this approach.

The Consumers' Association, the Office of Fair Trading and the National Consumers Council have all pointed out to the DTI that, because of the supremacy of EU law over national law, the government cannot ignore part of a directive that is mandatory.

The European Commission in Brussels has told the Consumers' Association that, if the UK government fails to provide for representative action in the regulations, it will take infraction proceedings against the UK at the European Court in Luxembourg.

According to Ms Evans, consumers need the remedy of representative action. UCTA has been little used, she says, because consumers are deterred by the risk and expense of taking court action. "There should be a power for consumer organisations to take up the cudgels on behalf of all consumers."

The other concerns with the draft regulations centre on lack of clarity. They will, for example, introduce the concept of "unfairness" into the English law of contract for the first time. UCTA imposes a general requirement that exclusion clauses are only valid if "reasonable". According to Ms Mobley, lawyers assume the English courts will interpret the concept of unfairness as equating with reasonableness under UCTA, but this is not certain.

She and other lawyers feel the DTI should make this issue clear by spelling it out in the regulations so that businesses, particularly those with consumer contracts that have hitherto been exempt from unfair contract terms rules, will know what standard they are measuring their contract conditions against when they review them.

In other respects the draft regulations appear to go beyond what the directive requires. The directive states that it covers terms in contracts for the supply of goods or services between the supplier and the consumer. But according to Mr Norman Starritt, a partner of London solicitors Charles Russell, the DTI's draft regulations do not expressly require that the goods and services are supplied to the consumer. The regulations would therefore appear to apply the fairness test not just to contracts for the supply of goods and services, but also to certain ancillary contracts. These could include the terms of any standard bank guarantee by a wife of a bank loan to her husband's business, or a parent's guarantee of a finance lease for a young person to buy a car.

But it is in the extension of the unfair contract terms regime to sectors currently exempt, such as contracts for land, insurance and financial services, that these uncertainties and flaws in the draft regulations are likely to cause the biggest headache.

The extension of the regime to the financial services industry represents a substantial departure from the current position under UCTA, where contracts for the creation or transfer of securities or of any right or interest in securities are exempted from regulation.

Mr Peter Richards-Carpenter, a partner of Baker & McKenzie, says it is clear the DTI does not intend the regulations to apply to the creation or issue of financial securities, as the issuer of a financial security is neither selling goods nor supplying a service; the security is simply evidence of indebtedness. But the regulations will apply to the secondary market and to relations with brokers, to the retail products market and to all other transactions that manifestly involve the sale or supply of goods, such as contracts for the issue of commodity futures and options.

The extension of the concept of unfairness to such contracts threatens a period of uncertainty for the industry. There is bound to be confusion in a number of instances on what is meant by an unfair term in relation to financial services contracts, Mr Richards-Carpenter says.

The draft regulations, for example, state that a term will be regarded as unfair and therefore unenforceable if it causes a "significant imbalance" in the parties' rights and obligations arising under the contract to the detriment of the consumer. It is not clear whether taking a security over assets would be regarded as unfair, because it gives a right to the provider on non-performance of the contract by the consumer but no similar right to the consumer for non-performance by the supplier. Such matters will have to be tested, he says.

Amid all this uncertainty, one thing is clear: the DTI will have to work hard to iron out these difficulties if another embarrassing row with business is to be avoided.

LEGAL BRIEFS

Record damages for steel mill's move to China

The former Hong Kong-based steel mill, Shun Fung Ironworks, has won a record HK$700m in damages from the Hong Kong government in compensation for the compulsory purchase in 1986 of its Junk Bay site to make way for a new town. The company had originally claimed HK$1bn for relocating its business to China and for loss of profits. In June last year the Hong Kong Lands Tribunal awarded Shun Fung just HK$131m. But the Hong Kong Court of Appeal overturned the judgment. The court criticised the tribunal for taking 22 months to hear a case which should have lasted one month and for producing a 899-page judgment "full of confusions". It said Shun Fung was entitled to relocate its business and the award was too low.

A delighted Mr Anthony Wood of McKenna & Co, Shun Fung's solicitors, said the longest hearing and the longest judgment in Hong Kong had now produced the highest ever award.

Monopoly threat

UK solicitors' monopoly on the conduct of litigation is under threat from a new professional body aiming to corner a share of the construction litigation market. The Institute of Commercial Litigators was formed by five international firms of construction consultants that already handle arbitration work – James R. Knowles, Cyril Sweett, Bucknall Austin, Beard Dove and Tweeds. The institute has applied to the Lord Chancellor's Advisory Committee for the right of its members to conduct litigation. It plans to offer clients a faster, cheaper service undercutting solicitors' fees by up to 50 per cent.

Institute director Patrick Lineen said: "There is little difference between complex arbitration and complex litigation."

PEOPLE

HSBC invests in Paul Guidone

HSBC Asset Management, the fund management arm of Britain's biggest banking group, has had to cross the Atlantic to find a new chief investment officer. Paul Guidone, 36, joins HSBC next month from the Prudential, the US insurance giant.

For the past three years Guidone (right) has been managing director of Prudential Diversified Investment Strategies in New Jersey and before that had worked on the fund management side of the Union Planters banking group in Tennessee and New York's Equitable Life. During his time at PDI he doubled the assets under management to $17bn.

Guidone's post at HSBC is a new one and his arrival marks the completion of the recruitment of a new management team which began with the arrival of Tim Ferguson, a former chief executive of County NatWest Securities. Kevin Gregory, a former finance director of Mountleigh, was recruited to be finance director and John Bradell was brought in from Storehouse to be group marketing director.

HSBC Asset Management manages $28bn of funds and is an amalgamation of Marinvest, in the US, James Capel Asset Management Group, in the UK and Europe, and the Wardley Investment Services companies in the Asia Pacific region.

■ David Eldon, 48, who has been with the HSBC group for 25 years, has been appointed an executive director of The Hongkong and Shanghai Banking Corporation, the Hongkong arm of HSBC holdings. Alexander Au, 47, chief executive of Hang Seng Bank, and Paul Cheng, 57, chairman of Inchcape Pacific, have been appointed non-executive directors. T C Ho has stepped down as a non-executive director, following his retirement as vice chairman of Hang Seng Bank.

Change of chairman at Ashley

James White yesterday strongly rebutted the notion that he has been forced out of his post as chairman of the Ashley Group, which manufactures window blinds, despite the announcement that he will be making way for Hamish Grossart after the next board meeting on February 7.

Grossart – described as "an excellent fellow" by White – is chairman of EFT, Quality Care Homes and Scottish Highland Hotels. It is understood that Grossart had been in discussion with the board of Ashley group for some weeks before the announced board changes.

White, 56, will remain on the board of the Ashley Group until the end of February. Tony Orton and Peter Maydon, who serve as non-executive directors, will also retire then.

The Ashley Group currently has some £19m of outstanding debt, and it has yet to settle legal problems relating to the sale of Digsa, the Spanish food retailing chain it first bought in 1988 and which it sold in May 1993.

"There has been no quarrel," says White. Despite rumours to the contrary, he ascribed his departure from the board as the culmination of a process "that goes back 15 months", involving the relocation of the company's HQ to Glasgow. He says: "Despite being Scottish by origin I have spent 33 years in the south, and the company needs on-the-spot management."

White, a former chairman of Bunzl, is also a non-executive director of Lucas Industries. Bill Macdonald becomes managing director and Robert McNeil deputy chairman with immediate effect, and John Langlands finance director with effect from February 14.

■ Forte has appointed Patrick Copeland as group director of its hotels.

Copeland, 49, begins work immediately, but his first task will be to help his new employers buy additional hotels rather than run the ones they have.

Forte is in the midst of an attempt to acquire the right to manage the Italian-based Ciga group of luxury hotels. The negotiations are at a delicate stage; Forte has teamed up with George Soros's Quantum Fund in an attempt to conclude the deal.

Copeland's position does not give him a seat on the main board. He joins an operational committee, the hotels and restaurants board, on which Rocco Forte, the group chairman, also sits.

Before joining Forte, Copeland was president of Cinema International Corporation, the international film distribution and marketing joint venture owned by MCA/Universal and Paramount Studios. He spent much of his career with Grand Metropolitan, including a spell as chief executive of Intercontinental Hotels Worldwide, and replaces Alan Hearn, who becomes group director, operations.

■ Norman Lamont, 51, who lost his job as Britain's chancellor of the exchequer last May, has picked up his first company chairmanship. He is to head a small investment trust being set up to invest in the Taiwanese stock market.

Lamont, who worked as a fund manager at merchant bankers N M Rothschild before entering politics, has been appointed chairman of the Taiwan Investment Trust which is due to be launched next month by the Jupiter Tyndall Group. It will be the first closed-end investment company in Europe investing exclusively in Taiwan and the plan is to raise £30m.

Lamont, who was appointed a non-executive director of N M Rothschild shortly after quitting the government, is already on the board of Jupiter Tyndall's First Philippine Investment Trust.

■ Michael Kersey, formerly chief executive of an AMEC subsidiary in Australia, has been appointed energy services director of LONDON ELECTRICITY; Andrew Robertson, formerly assistant secretary of Kingfisher, has been appointed company secretary on the retirement of Malcolm Saunders.

■ George Sarney, president and ceo of SIEBE Control Systems, has joined the main board.

Finance moves

Michael Templeman has switched from gamekeeper to poacher in his new role as director responsible for group taxation at J Henry Schroder Wagg & Co.

Templeman was until the end of last year an under-secretary at the Inland Revenue, most recently in charge of the Financial Institutions Division.

He joined Schroder as a director at the start of January, and replaces Eric Henbrey, who will retire in June as head of the tax department.

Henbrey himself joined Schroder from a job as an inspector of taxes in 1966, at which time he says there was just a "trickle" of Revenue staff moving into the private sector.

■ Tim Easun, formerly a director of Baring Securities, has been appointed md of UNION DISCOUNT ASSET MANAGEMENT.

■ Alec Elmer has been appointed md of MINSTER TRUST.

■ Jacques Thunnissen is being seconded from the international department of Crédit Foncier de France to be md of CAPITAL HOME LOANS; he succeeds Pierre Gervasi who is returning to the parent company.

■ David Cummings and Jesús Mora del Río have been appointed directors of LAZARD BROTHERS; David Gould, Craig Knox, Margaret Manley and Patrick Shine have been appointed directors of Lazard Investors.

■ Ed Davis has been appointed deputy md of NOMURA INTERNATIONAL; he moves from Deutsche Bank.

■ Andrew Haines has been appointed deputy md of the fixed income and money markets division at NIKKO EUROPE.

■ Michael Craven has been appointed a director of Wise Speke, part of STURGE HOLDINGS.

■ Mike Fairey has been appointed to the board of TSB GROUP.

■ Jeremy Norfolk, md of Cater Allen group of companies in Jersey, has been appointed a director of CATER ALLEN HOLDINGS.

■ Roger Malvern, mortgage director, has been appointed to the board of CHELTENHAM & GLOUCESTER BUILDING SOCIETY.

■ Arnie Iverson, md of WOODCHESTER CREDIT LYONNAIS in the UK, is also appointed md of Woodchester Credit Lyonnais Bank in Ireland.

■ Vincent O'Brien has been appointed a director of MONTAGU PRIVATE EQUITY; he moves from corporate finance at Coopers & Lybrand.

■ Neil Scaife has been promoted to marketing director of AEGON Financial Services.

■ Kevin Gardiner, formerly senior economist at SG Warburg, has been appointed a vice-president and senior economist at MORGAN STANLEY.

■ Rupert Cottrell, formerly deputy md of Hill Samuel Private Client Management, has been appointed md of the London office of HENRY COOKE, LUMSDEN.

■ Reinout van Lennep, formerly country manager for Taiwan, has been appointed general manager UK for ABN AMRO BANK in succession to Carel van der Spek, who returns to Amsterdam.

■ Andrew Jacob has been appointed a director of ADJUSTING SERVICES.

■ Mark Leather has been appointed a director of RATHBONE BROTHERS.

■ Mark Randall has been appointed a director of SARASIN International Securities, a London subsidiary of Bank Sarasin.

■ David Robbie, formerly md of Standard Bank of the Isle of Man, has been appointed md of TYNDALL BANK INTERNATIONAL, the Isle of Man-based subsidiary of Tyndall Bank.

■ Nigel Alexander has been appointed a director of WINTRUST SECURITIES.

■ Gherardo Barbini, Francis Coles, Mark Fisher, Tony Gamby, Matthew Greenburgh, David Herbert, Paul Hitchcock, James Lawrie, Guy Mullin-Henderson, Heather Nicol, Mary Walz, Andrew Wong and Kyung Hee Yoon have been appointed directors of BARING BROTHERS. Richard Allsopp, Robert Barclay, Nick Cant, Angel Cendan, Nigel Chan, Lee Chantin, Laurent de Cuniac, Anthony Davies, Gareth Evans, Adrian Faure, Gerald Galvanoni, Tony Hawes, Theo Kern, Iggy Kilayko, Mike Longthorne, Low Siew Kheng, Eugener Marais, Rebecca Ojeda, Daren Riley, David Robinson, Paul Taylor and Derek Wilson have been appointed directors of the BARING SECURITIES Group management board.

Concert

Carmina Quartet ripens nicely

Since its formation ten years ago the Carmina Quartet, basically Swiss but with a fine American violist, has won steady European acclaim – rare for a young team in the hallowed string-quartet medium. While the players still counted as *very* young, they seemed impressively mature for their years: not always a good prognosis for later. But the quartet's Wigmore Hall recital on Saturday, slightly uneven, was greatly encouraging; there was a new sophistication in its playing, and a febrile new intensity.

It sounded like a not-quite-mature quartet intent upon developing its early promise into something far richer. A splendid Viennese programme was on offer: Berg's early, superb op. 3 Quartet (atonal music, but not "twelve-note") flanked by late Haydn and by Schubert's last, incomparable work in the medium, D.887 in G major.

In the so-called "Emperor" Quartet from Haydn's op. 76 set, the Carmina maintained a narrow-gauge precision and delicacy. If there was a perceptible debit in the jovial-grandeur department, its taut counterpoint held the ear continuously; and the famous variations on the "Emperor's Hymn" were treated as private musings, almost prayerful, taking the closest care with Haydn's almost-Wagnerian harmonies. It was no surprise, then, that the quartet could focus Berg's Expressionist chromatics to such electrical purpose. There, I missed only some broader trailmarks (even at his most intricate, Berg signposts his music with big gestures) and some extra muscle for the fraught rhythmic motifs.

With the grand Schubert G major there was suddenly a new, resplendent Carmina sound. In the context it felt like switching into Cinemascope and stereo – a public world, not a private one; and yet there were marks of the players' tenderest attention everywhere. Their performance was crowned by a Finale that seemed to race brilliantly, insouciantly along, but with the undertone of harried desperation that other late Schubert finales carry (cf. above all the "Great" C major Symphony): something that cannot be faked histrionically, and only makes itself felt in a rigorously faithful performance.

One anxious reservation: the Carmina leader must look to his pitch, for it was worryingly hit-or-miss whenever his part ascended into the ledger-lines. More than one British quartet of distinction has had an inspirational leader who blotted its copybook just so, at some real disadvantage to their collective careers. Chamber-music aficionados tend to have keen ears; one evening's encounter with casual mistuning can put them off forever.

David Murray

'Surrey Landscape', 1944, by John Minton. His graphic facility was as impressive as it was distinctive, his imaginative illustration full of life and wit

Belated homage to a fallen star

William Packer pays tribute to the troubled genius of John Minton

John Minton was always something of a star. His rackety Soho life through the 1940s and '50s, his heavy drinking and frustrated homosexuality, to say nothing of his final despairing act of suicide in 1957, have all combined to confer a certain tragic glamour upon him.

He was only 40 at his death, yet by then his work was in all the collections and it has continued as a staple of the modern British market. It would be wrong to think of his reputation as having sunk into obscurity, in need of rescue and revival: reassessment, yes indeed; restoration, no.

The only real surprise is that we have had to wait so long for any proper retrospective study of his achievement. Why this should be the case, and why such a show was not put on long ago by the Tate perhaps, or the Arts Council, is another story, albeit the neatest paradigm of curatorial prejudice and received wisdom in 40 years. It is enough, for the moment, to be thankful for the initiative of the admirable Oriel 31 Davies Memorial Gallery of Newtown in mid-Wales in prompting this elegant, celebratory selection of paintings and graphic work made by Dr Frances Spalding, Minton's biographer, and showing at the Royal College of Art in London.

The circumstances of the life are, for once, very much to the point, although the work must be trusted to speak for itself. His more mundane commitments, to teaching and to commissioned illustration and design, have their own story to tell.

Here was an artist as conspicuously successful as any of his contemporaries, and with private means. The Royal College is the perfect place for this celebration of his life's work, for he taught in the painting school up to the time of his death. It would seem that he continued there by choice rather than the necessity that, historically, has forced so many British artists to teach for a living. Did he need the social community and reassurance of the college to keep him going, to tell him he was not a failure?

The trouble is that after a time, for a true artist at least, teaching may come to fuel those very doubts and insecurities it once helped to assuage, deflecting him from that central activity to which he urges others on so persuasively, resolving his own ambition vicariously in youthful successes. Anything is better than settling down in the studio, alone, to resolve the impossible. Meanwhile his students seem set on the rejection of all he believes in. By the mid-1950s abstract expressionism was sweeping in from New York, setting Minton at the college in famous confrontation with the likes of Richard Smith and Robyn Denny. Students sometimes seem a ruthless and ungrateful lot.

Minton's illustration, advertising and graphic work gave him his wider audience, and here again the effect upon him was similar, if not quite the same: a willed device to keep him from the work that was properly his own, the creature of someone else's deadline. His graphic facility was as impressive as it was distinctive, his decorative judgment impeccable, his imaginative illustration full of life and wit – the show's lower gallery is full of it.

Yet to turn there to the handful of life drawings, that we might expect to be the purest, most basic demonstration of his gift, is to be disappointed. The accuracy of hand and eye is undoubted, and yet there is a quality to it not of easy command and engrossed observation, but of stylistic self-consciousness, mannered and inhibited.

Upstairs with the paintings, the case is more varied but essentially the same. Just as with the draughtsman, we find a painter of manifest gifts, who at intervals produced works of idiosyncratic beauty and true authority. The design is always sound, the drawing strong, the painted surface always rich in substance and never dull.

Here indeed is a substantial body of work, yet there is to it, for all its qualities, a sense of irresolution and distraction. A theme is taken up only to be left off, a manner adopted only to be abandoned. Brave gestures are made, none braver than the late essays in latterday history painting in the grand manner, the Death of Nelson and the Gamblers at the foot of the Cross. Failures they may be, but bravely so and better than many a lesser painter's masterpieces. It was Turner's lasting ambition, too, to be remembered as the greatest of History Painters.

This is all most difficult, as though Minton is to be celebrated by the very quality of his failure. Should he have reconciled himself to a career as a graphic artist? Of course not. Should he have stuck to the darkly Chirico-esque neo-romanticism of the deserted wartime street-scapes by which he first became known, or his later, brighter, more-mannered Cornish harbours and Thames-side wharves? Well, an artist must grow. What about the portraits and full-length figures in the studio? Of their kind, that of the critic, Neville Wallis, is the most accomplished, that of Kevin Maybury, the most formally complex and psychologically intense he ever did.

Would that there were more. Who can say he should have done less teaching, or that his work would have gone further without it? There are those who require conflict and frustration in their lives and work. The tension manifest in everything he did is what makes Minton the truest neo-romantic of them all. It is only his premature death that we should regret.

John Minton 1917-57: A Selective Retrospective; The Royal College of Art, Kensington Gore SW7, until February 9, then on to Bath, Llandudno and Newtown, Powys.

Prokofiev's 'Fiery Angel'

Among the many artistic effects of *glasnost*, few have been as extraordinary as the way in which the Kirov Opera has been galvanising opera worldwide. Not only has the Kirov company made influential tours to London, New York and other Western cities, but its individual members are also making regular appearances with Western troupes. And, with their help, certain Russian operas are becoming more widely known in the West.

Prokofiev's *Fiery Angel* is a case in point. Suddenly it has become the property of Galina Gorchakova and Sergei Leiferkus. They performed it at the 1991 Albert Hall Proms, and again in 1992 in David Freeman's staging – a co-production between Covent Garden and the Kirov. The central role of Renata is notoriously taxing, but it has become Gorchakova's international calling-card. After she and Leiferkus sang Renata and Ruprecht in London – conducted, both at the Albert Hall and at Covent Garden, by Edward Downes – they sang it in New York as part of the Kirov's 1992 season at the Met, with Valery Gergiev conducting. Now, in a new production by Giancarlo Cobelli, conducted by Riccardo Chailly, they are singing it at La Scala, Milan.

Let me say at once that I doubt whether any lesser singers could keep me in an opera house for the length of this awkward opera. *The Fiery Angel* – or *L'Angelo di fuoco* – is on one level a drama of remarkable psychic possession: Renata and Ruprecht are like characters out of Dostoyevsky. On another level, however, it is terribly static. And the musical modernism of Prokofiev's vocal writing, though always intense and alert, is strangely externalised. We want to enter the nervous systems of the haunted Renata and her obsessively loyal knight Ruprecht, but the music keeps us out.

Cobelli's La Scala staging could hardly be less like Freeman's. The basic story is told in terms of fairly straight-forward realism in the front half of the stage, while distant visions show the symbolic characters of whom we hear: the fiery angel, Renata herself as a young girl. Gradually, the real and unreal worlds become more and more mixed and confused.

La Scala, Milan, finds a Russian singer worthy of the title role

I am grateful for the degree to which the story's basic historical setting is maintained – nor do I miss those lumbering acrobats, covered in talc, who so percolated Freeman's staging. (Freeman, however, achieved greater force in the final scene, when the nuns start baring their breasts. Cobelli's nuns wear artificial bosoms: which one observes with altogether greater detachment.) But the opera itself lacks moment-by-moment dramatic tension, and neither staging can solve this problem.

Chailly's conducting is of the highest order, combining power, intensity and beauty. Every vocal line is clear and the international cast is fused into an impressive ensemble. Leiferkus, with his wonderful blend of virile integrity and stern psychological force, remains an ideal Ruprecht. And it is a thrill simply to hear the exceptional clarity of his diction. You feel that no other singer in the world could make so much simply from singing Renata's name; he gives it ardour and urgency, while at the same time enouncing it as firmly as if he were engraving it on marble.

As for Gorchakova, I am as obsessed with her as Ruprecht is with Renata. Her voice is huge, dark and heroic; and, as she wields it in marvellously sweeping phrases, it makes an incomparable effect in a large opera house. I use the word "incomparable" advisedly; never in live performance have I heard a voice that has so excited me. I hope that La Scala soon can hear her in other Russian roles.

And, remembering that Leiferkus is now as well known here in French and Italian music as in Russian, may we hope that we can soon hear Gorchakova sing Verdi? She has sung *Trovatore* and *Force of Destiny* in Russia. *Glasnost* should work two ways. These Russians singers have much to reveal to us of their own heritage, but the Western repertory can help reveal them yet further, both to us and to themselves.

Alastair Macaulay

Prokofiev's *L'Angelo di Fuoco*, sung in Russian, continues in repertory at La Scala until January 28

Old Master sales set the auction houses off to a good start

If optimism is the life blood of the art market, 1994 got off to the perfect start in New York last week when Old Master pictures, not the easiest objects to sell to the uncultured rich, did remarkably well. Christie's sale brought in $15m. (£10m.) and was 90 per cent sold, with a still life by Van Huysum far exceeding its $1.5m. estimate at $2.6m.

Sotheby's did equally well. There were doubts about the the late Peter Jay Sharp's collection, not about the quality but the fact that Sharp had bought them in the previous ten years to furnish his Park Avenue apartment and consequently they were not entirely fresh on the market. In the event connoisseurship told, and 68 of the 77 lots offered sold, for a collective $19.3m, with less than 5 per cent bought in by value.

The general Old Master sale at Sotheby's on Friday totalled $13.7m and was 75 per cent sold. A view of the Ducal Palace in Venice by Canaletto made $1.4m as against an $800,000 top estimate, and a view by John Cleveley the Elder of Royal yachts on the Thames at Greenwich sold for $552,500, a record for the 18th century artist and way ahead of the $150,000 top estimate.

DeDe Brooks, the new chief executive at Sotheby's, said yesterday that the company had returned to profit in the final quarter of 1993. The year's turnover of $1.3b was still well below the record $2.9b of 1989 but the corner had been turned. The strong demand for jewels was a key factor. They contributed $200m as against $260m for the traditional money maker, Impressionist and Modern art. In 1989 jewels were worth $150m. and Impressionist and Modern pictures $800m.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: Christa Ludwig song recital. Tomorrow: Beaux Arts Trio plays Korngold, Beethoven and Dvorak. Thurs, Fri: Charles Dutoit conducts Royal Concertgebouw Orchestra and Chorus in Boulez, Messiaen and Honegger. Sat afternoon: Reinbert de Leeuw conducts Dutch premiere of Messiaen's Eclairs sur l'Au-Delà. Sat evening: Isabelle van Keulen and Tabea Zimmermann play violin and viola duos. Sun afternoon: Dmitri Alexeev is piano soloist with Limburg Symphony Orchestra. Next Tues: Olaf Bär sings Schubert (020-671 8345)
Muziektheater Tomorrow, Fri, next Mon, Wed and Fri: Graeme Jenkins conducts Pierre Audi's new production of Mozart's Il re pastore, with cast led by Bruce Ford and Teresa Ringholz. Jan 23, 29, 30: Nederlands Dans Theater. Jan 27: revival of Wozzeck (020-625 5455)

■ ANTWERP

de Vlaamse Opera Tonight, tomorrow, Fri, Sat: René Jacobs conducts Gilbert Deflo's production of L'incoronazione di Poppea, with Ann Panagulias, Debora Beronesi, Jennifer Larmore and Guy de Mey. The production can also be seen in Ghent Jan 26-30 (03-233 6685)
deSingel Tonight: Christian Zacharias, accompanied by Beethoven Academie, gives first of three concerts devoted to Beethoven Piano Concertos. The other concerts are on Feb 1 and 15 (03-248 3800)

■ BASLE

Casino Tonight: Lark Quartet plays string quartets by Schubert, Schnittke and Beethoven. Tomorrow, Thurs: Hubert Soudant conducts Basle Symphony Orchestra in Ravel and Respighi, with piano soloist Roger Muraro (061-272 1176)

■ BRUSSELS

Monnaie The ENO production of Jonathan Harvey's 1992 opera Inquest of Love, staged by David Pountney and conducted by Lionel Friend, opens on Sun with a cast including Nan Christie, Peter Coleman-Wight, Helen Field and Richard van Allen. Repeated Jan 25, 28, 30, Feb 1, 3, 5 (02-218 1211)
Palais des Beaux Arts Tonight: Franz Liszt Orchestra plays works by Boccherini, Mozart, Grieg, Stravinsky and Liszt, with piano soloist Luc Devos. Tomorrow, Thurs: Anatol Ugorksi piano recital. Fri: Roman Kofman conducts Belgian National Orchestra in Haydn, Mozart and Hindemith, with piano soloist David Golub. Sat: Philippe Herreweghe conducts Handel's oratorio L'Allegro, il Penseroso ed il Moderato (02-507 8200)

■ CHICAGO

CHICAGO SYMPHONY
Tonight: Daniel Barenboim conducts works by Wagner and Bruckner. Thurs, Fri, Sat, Sun afternoon, next Tues: Daniele Gatti conducts Mozart, Hindemith and Prokofiev. Jan 27-Feb 1: Barenboim is piano soloist in Mozart. Feb 10-15: Radu Lupu plays Beethoven. Feb 17: new Elliott Carter work (312-435 6666)
CHICAGO LYRIC OPERA
Final performances of Il trovatore are tomorrow and Sat. Wozzeck opens on Mon in the Barenboim-Chéreau production first seen in Paris, with a cast headed by Franz Grundheber and Waltraud Meier. La traviata returns on Jan 29 with June Anderson and Roberto Alagna (312-332 2244)

THEATRE
● The Destiny of Me: Larry Kramer's latest autobiographical work, in which Aids activist Ned Weeks grapples with his past as he battles Aids (Next Theatre Company 708-475 1875)
● The Don Juan Project: eight angles on one of literature's most famous rakes - from Shaw's Don Juan in Hell to a new feminist revision (Ballwick Repertory 312-327 5252)
● The Rise and Fall of Little Voice: American premiere of Jim Cartwright's drama about a young girl in northern England with an uncanny ability to imitate famous singers. Till Jan 30 (Steppenwolf Theater Company 312-335 1650)
● Oleanna: David Mamet's two-hander about sexual harassment, directed by Michael Maggio (Wellington Theatre 312-975 7171)

■ GENEVA

Victoria Hall Tomorrow: Armin Jordan conducts Orchestre de la Suisse Romande in works by Wagner, Schumann and Bartok, with violin soloist François Guye. Jan 25: George Enescu Philharmonic Orchestra of Bucharest. Jan 26: Kent Nagano conducts Lyon Opera Orchestra. Jan 28: Vladimir Spivakov directs Lausanne Chamber Orchestra (022-311 2511)

■ SALZBURG

MOZARTWOCHE
In the opening concert on Sat, the young Austrian conductor Manfred Honeck makes his debut with the Vienna Philharmonic in works by Haydn and Mozart. The orchestra's other two concerts are conducted by Michael Gielen and Sandor Vegh. Concerto Köln will give two concerts, and Enoch zu Guttenberg conducts Munich Bach Collegium in Mozart's arrangement of Handel's Messiah. Piano soloists include Maria Tipo, Mitsuko Uchida and Olli Mustonen. The chamber music programme features Hagen Quartet in a Kurtag premiere. Andras Schiff gives two recitals, and joins Robert Holl on Jan 31 for the closing performance of Schubert's Winterreise (0662-873154)

■ VIENNA

Staatsoper Tonight, Fri, next Mon: Il trovatore. Tomorrow and Sat: Boris Godunov with Samuel Ramey and Olga Borodina. Thurs: Giselle. Jan 23, 27, 30: Colin Davis conducts Idomeneo, with Siegfried Jerusalem and Anne Sofie von Otter (51444 2955)
Kammeroper Austrian premiere of Massenet's Chérubin. Till Feb 26 (513 6072)
Musikverein Jan 24-27: Philharmonia/Sinopoli Mahler cycle (505 8190)
Konzerthaus Resonanzen, a celebration of 16th century music, runs daily till Sun (712 1211)

■ WASHINGTON

MUSIC
● Tonight's National Symphony Orchestra concert is conducted by Daniele Gatti and includes works by Liszt and Mahler. Thurs, Fri, Sat: Hugh Wolff conducts Mendelssohn, Bruch and Walton, with violin soloist Gil Shaham (202-467 4600)
● Washington Opera's repertory at Eisenhower Theater consists of Dominick Argento's new opera The Dream of Valentino, La fille du régiment and Ariadne auf Naxos (202-467 4600)
● David Zinman conducts Baltimore Symphony Orchestra in works by David Crumb, Beethoven and Sibelius on Thurs, Fri, Sat morning at Baltimore's Joseph Meyerhoff Symphony Hall, with piano soloist Radu Lupu (410-783 8000)

THEATRE
● The Price: Arthur Miller's play about a family facing the price of life's choices, directed by Joe Dowling. Till Feb 27 at Arena Stage (202-488 3300)
● Loose Knit: Theresa Rebeck's comedy about five women in their thirties who form an old-fashioned knitting circle and weekly gab fest in New York. Till Feb 13 at Source Theater (202-232 8012)
● Goodnight Desdemona: the 1990 winner of the Canadian Drama Award is a comedy joining Othello and Romeo and Juliet. Till Feb 13 at Woolly Mammoth (202-393 3939)
● The Will Rogers Follies: the Tony Award-winning musical, choreographed by Tommy Tune. Daily except Mon till Jan 30 at Kennedy Center Opera House (202-467 4600)

■ ZURICH

Opernhaus Tomorrow, Sat: Adam Fischer conducts revival of Robert Carsen's production of Lucia di Lammermoor, with Edita Gruberova and Peter Dvorsky. Thurs, Sun: Andrea Chenier with Francisco Araiza, Gabriela Benackova and Giorgio Zancanaro. Fri: Fidelio with Gösta Winbergh and Matti Salminen. Sun afternoon: Nutcracker. Next Mon: Sandor Vegh conducts orchestral works by Bach, Beethoven and Haydn, with piano soloist Rudolf Buchbinder (01-262 0909)
Tonhalle Tonight, tomorrow, Thurs: Michael Stern conducts Tonhalle Orchestra in Barber, Richard Strauss and Dvorak, with oboe soloist Simon Fuchs. Sun: George Enescu Philharmonic Orchestra of Bucharest (01-261 1600)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Super Channel: West of Moscow 1230
Euronews: FT Reports 0745, 1315, 1545, 1845, 2345
WEDNESDAY
Super Channel: FT Reports 1230
THURSDAY
Super Channel: West of Moscow 1230; FT Reports 2130
Euronews 0745, 1315, 1545, 1845
FRIDAY
Super Channel: FT Reports 1230
Sky News: FT Reports 2030
SATURDAY
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Steering in rough seas

Portuguese prime minister Anibal Cavaco Silva talks to **David Marsh** and **Peter Wise**

Stuart D. Franklin

Cavaco Silva: calls this the 'worst period' since he came to power

Portugal and its prime minister, Mr Anibal Cavaco Silva, can thank the European Union for a great deal. Financial transfers from Brussels to the second-poorest member state (after Greece) in the last two years amounted to about $3bn a year, close to 4 per cent of gross domestic product, and are due to double by 1999.

The funds, designed to cushion the impact of rapid structural change in the Portuguese economy, are rolling in at a difficult time. Mr Cavaco Silva calls it the "worst period" since his centre-right government took office in 1985. Under the impact of the Europe-wide recession, Portugal last year suffered its first economic contraction for 10 years, with GDP falling by an estimated 0.5 to 1 percentage point. Officially-registered unemployment has risen to 6.2 per cent of the labour force, against 4.5 per cent a year ago.

At the same time, Portugal's ambition to be a fully fledged member of economic and monetary union by the end of the century have been hit by currency unrest and devaluation in the last 12 months.

In an interview last week in his palm tree-surrounded residence in the centre of Lisbon, Mr Cavaco Silva, a prickly economist who is the EU's fifth longest-serving prime minister, put a brave face on his problems. "We have to prepare the Portuguese economy for a new phase. It's not easy ... This is a real challenge. But I'm doing what I am convinced is in the interest of the country."

To increase competitiveness and pave the way for an anticipated 1.5 to 2 per cent rise in GDP this year, Mr Cavaco Silva wants many Portuguese workers to accept wage increases well below the 6 per cent inflation rate. The squeeze is being felt above all in the public sector, where employees are due to stage a one-day strike on January 25 to protest against a proposed wage freeze.

The austerity is part of Mr Cavaco Silva's efforts to cut the budget deficit, which rose to 8.5 per cent of GDP last year, well beyond the original forecast of 4.6 per cent. Pointing to tough pay rounds in Germany, France or Spain, Mr Cavaco Silva says: "Look at wage costs abroad. We cannot pay more [in percentage increases] than they do."

Since Portugal joined the Community in 1986, it has made rapid strides to catch up with other member states. Despite flagging output growth in 1991 and 1992, Portugal between 1985 and 1992 achieved annual average GDP expansion of 3.7 per cent, 1 percentage point above the EU average.

Privatisation, particularly in the banking sector, has reversed some of the state takeovers implemented by the post-revolutionary communist government in 1974-75 – contributing to a general strengthening of government finances.

Mr Cavaco Silva pledges to continue privatisation sales, but admits the political sensitivity of the planned sell-off in the telecommunications sector. To guard against foreign shareholders building up a dominant stake, the government wants to restrict the initial disposal to between 20 and 30 per cent of the single state company which will emerge later this year from a restructuring of the three publicly owned telecommunications concerns.

With a general election due in October 1995, the prime minister faces a testing time in the next two years. His job has been made more difficult by a quickening in the pace of global economic competition. There are three main reasons for this:

- As a condition for part of the increase in transfers from Brussels, Portugal has accelerated the dismantling of protection for agriculture. This has been necessary as part of a shift towards relying more on industry. Only 12 per cent of the labour force now works on the land, compared with 22 per cent in 1985.
- Competition has increased from countries in eastern and central Europe offering low wage costs and investment opportunities for foreign companies. Lisbon plays down the idea that Portugal is losing foreign investment to the Czech Republic or Hungary. However, the economic threat from the east is one reason the government rules out a firm timetable for the former communist states to join the EU.
- The relatively firm exchange rate since Portugal joined the exchange rate mechanism in 1992 has added to pressure on companies to cut costs. Portugal devalued the escudo twice – in November 1992 and May 1993 – when the Spanish peseta came under speculative attack, and was forced, like most other ERM members, to move to 15 per cent fluctuation bands in August. However, strong foreign buying has brought the escudo back to July's level against the D-Mark.

Declaring that industrialists can no longer rely on devaluation to boost foreign sales, Mr Cavaco Silva says: "The government is not going to help inefficient enterprises to survive. They must look to new factors of competition – not just to low wages, but to quality and marketing."

Last month's Uruguay Round conclusion of the General Agreement on Tariffs and Trade will, Mr Cavaco Silva says, intensify pressure on Portuguese business to modernise. Towards the end of the negotiations, Portugal voiced concern about the impact of trade liberalisation on textiles, which make up 30 per cent of its exports. However, Mr Cavaco Silva now says the trade deal – like the escudo policy – will have a positive impact by "changing the mentality of [Portuguese] entrepreneurs".

With 21 months before the general election, Mr Cavaco Silva's Social Democrat party is riding relatively high in the opinion polls, even though it won only 34 per cent of the vote in December's municipal elections.

Mr Cavaco Silva brushes aside signs of tension with Mr Mario Soares, Portugal's veteran Socialist president, who has started a well-publicised offensive against the government's economic and social policies. Mr Cavaco Silva – well aware that Mr Soares' is a largely honorific office – suggests the criticism has been stage-managed by the president's Socialist "entourage".

He professes no great desire to take over from Mr Soares at the next presidential election in January 1996. He does, however, say he will stay on as prime minister only if his party wins another absolute parliamentary majority in October next year. He would have few qualms, he claims, about returning to university: "I liked my job as a professor."

If he remains at the helm, steering Portugal through the next phase of European integration to the end of the century will be an arduous task. The country has to reform its economic structures with redoubled energy. Otherwise, as Europe's centre of gravity moves eastwards and northwards, Portugal will again suffer from its location on Europe's south-west periphery.

Joe Rogaly

It *is* a moral issue

Mr Douglas Hurd would do us all a service if he could overcome his natural shyness and get to know Mr Michael Portillo. The foreign secretary and the chief secretary to the Treasury meet one another in cabinet, and presumably elsewhere, but they are not close friends. Perhaps they should be. They are, after all, both Conservatives.

They are not alike. There is no meeting of minds. In a continental European country they would belong to different parties, the senior of the pair perhaps a Christian Democrat, the junior more probably a liberal nationalist. One difference is of particular importance. Mr Hurd will be 64 in March. Mr Portillo is nearly a quarter of a century younger. The former has had one shot at the prime ministership: the latter is still preparing, ever more assiduously, for his own climb up the greasy pole.

They do, however, have one thing in common. Unlike the general run of their colleagues, both are men of substance. Few would disagree with this characterisation of the foreign secretary. Many remain to be convinced that Mr Portillo deserves his reputation as a class act. He is, it will be objected, untested. He has not yet been put in charge of a large spending department. True, but he stands out as more able, more coherent, than many who have.

This is of some importance. Where there is so much dross, every glister of true metal, however dim, is valuable. Britain's cabinet is exceptionally undistinguished. You do not need all the fingers of one hand to number the ministers who deserve to be taken seriously. Ask senior officials and players of the political game to suggest who does and you will find that Mr Portillo and Mr Hurd very nearly complete the list. That is one good reason to promote a discourse between them, but there is another.

Politics everywhere has become debased. Many of its practitioners are adrift, cut off from intellectual, ideological, religious or ethical moorings. Parties of the left are floundering just as much as those on the right. Like the Conservatives, Labour exists only to seek office. This is most obviously a consequence of the collapse of communism, but the roots of the problem go deeper. The discipline of what was once called political economy, and is now described as economics, has become amoral, a series of algebraic abstractions designed by the most expensive witch-doctors in history. The more abstruse their equations, the less they tell us.

If for 14 years you preach disrespect for everything save the profit and loss account the result is the 1990s

This would have horrified Adam Smith, who was a professor of moral philosophy, or John Maynard Keynes, whose principal purpose, like that of Karl Marx, was to improve the condition of society. It might have troubled F. A. Hayek, whose morally driven deconstruction of collectivist modes of thought laid the foundations of late 20th century anarchic individualism. All would doubtless have felt obliged to agree that while cash flow is fine on paper, we carry something more in our hearts. If there is public disquiet at the political process it may be because economics has failed us. The cult of the customer has begun to be seen as imperfect.

Neither Mr Hurd nor Mr Portillo would pretend to be qualified to make up for deficiencies in the theory of contemporary capitalism, but both have the merit that they appear to be aware that *something is missing*. "Right across the democratic world," said Mr Hurd on Friday, "there is a feeling that politicians have lost touch with those whom they serve." He instanced Italy, France, Germany, Japan, Canada the US and even Britain as countries in which this mood could be detected. "Tories are not simply interested in piling up wealth in individual pockets," he asserted at another point in his speech. "Our policies aim to improve the well-being of individuals and families, but also of the community as a whole." The Labour party could promise no less.

Mr Portillo seeks to fill in the blanks by proclamation. "Our mission must be to rebuild national confidence and self-belief," he said on Friday. "We need to assert the value and the quality of the British way of life and of British institutions." A cynical poison had been spread by pessimists. Too many politicians, academics, churchmen, authors, commentators and journalists exhibited the symptoms of what the young pretender called a "new British disease" – the "self-destructive sickness of national cynicism". The result was loss of respect for the crown, the Church, Parliament. If these were not respected neither would be "law, judges or policemen, nor professors nor teachers nor social workers, nor bosses, managers or foremen".

The standard-bearer of the Tory right was not at his most prudent when he penned those words. It was his heroine, Lady Thatcher, who aimed the fiercest arrows at the bishops; she, it seemed at the time, who controlled royal tours; the erstwhile prime minister herself whose rule by overwhelming majority diminished the House of Commons.

During the 1980s Thatcherites de-professionalised the professors, destroyed the sense of vocation of teachers and nurses, and poured scorn on social workers. The civic infrastructure was systematically destroyed; anything with a tradition was regarded as a vested interest to be "taken on" and, ultimately, "privatised". The gods in the Tory right's political pantheon infected the decade with the false belief that everything good is bought and sold, while nothing that does not have a price is of value.

Now that same rightwing faction is panicking. What has happened to the nuclear family? To responsibility? To reverence for authority? "Social disorder follows when respect breaks down," said Mr Portillo. He might more accurately have said that, if for 14 years you preach disrespect for everything save the profit and loss account, the result is the 1990s. Mr Hurd knows better. Why he hangs in there as foreign secretary is a mystery. Doubtless he is motivated by an old-fashioned sense of duty. He should try to convey the wisdom of his years to Mr Portillo. They could arrange a quiet dinner, and a long talk into the night. They will not invent a new form of capitalism that is less nihilistic in its effect than the extreme Anglo-American smash-everything model, but, together, they might begin, however dimly, to comprehend the problem. We could then start moving again, in the only direction available to us: forwards.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. *Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution*

Franc zone move will hit public investment

From Dr J Toporowski.

Sir, Your excellent report on the CFA (Communauté Financière Africaine) franc devaluation ("IMF persuades French Africa to go for growth", January 13) omitted two important points in the franc zone devaluation debate. First, the fixed exchange rate against the French franc was originally to provide monetary stability and relatively low prices for imported investment goods.

In contrast to the rest of Africa, the zone has achieved a record of remarkable monetary stability. It is unfortunate that successive French governments preferred to stock their ex-colonies with arms and kept in power elites which preferred relatively cheap imported luxury goods to industrialisation.

Second, with African franc zone countries now committed to orthodox "adjustment" policies, it is highly unlikely the International Monetary Fund's grip on public finances will allow public investment on a sufficient scale to secure sustained economic growth. The temporary economic accelerations the World Bank and IMF have managed to engineer in Ghana and Nigeria were obtained in part because they were able to export to erstwhile hard currency markets in neighbouring franc zone countries. In addition to the inflationary shock that franc zone countries will experience, their neighbours will suffer from reduced regional export markets. Economic stagnation in west Africa will exacerbate tensions in its embryonic economic union Ecowas (Economic Community of West African States).

J Toporowski,
reader in economics,
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Company bidding to run national lottery 'truly independent'

From Sir Christopher Benson.

Sir, Lex asks if Ladbroke Group can disinterestedly "run betting shops, football pools and the lottery" ("National lottery", January 11). Quite simply, the answer is yes. Ladbroke will be only a one-third equity investor in Games for Good Causes, the consortium company established to bid for the main operator's licence of the national lottery. The company is truly independent and free-standing, with no managerial or operational relationship with Ladbroke or Vernons and with strong representation from non-executive directors to emphasise our commitment to Cadbury recommendations on corporate governance.

Our approach is wholly consistent with the tone and content of indications given by both government and the regulator with respect to the structure of ownership and control of any prospective operator.

The particular contribution of Ladbroke, in terms of the extensive knowledge and experience available within Vernons Pools as a result of successfully running regulated mass market games in the UK, represents a unique and directly relevant attribute which has been incorporated into our bid proposals.

Should we be successful in our application, the consortium company will then be obliged, under its licence commitments, to operate effectively and responsibly and, in particular, to compete strongly against a variety of existing forms of consumer spending, of which certain betting and gaming activities form only a part.

Christopher Benson
chairman,
Games for Good Causes,
Compass House,
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London W2 4SA

More not less in the prize kitty

From Mr Alan McGill.

Sir, I can reassure both Mr I G Baillie and Mr J H Shimmins (Letters, January 13). There will be no reduction in the number of smaller premium bond prizes when the £1m jackpot prize is introduced in April.

The overall size of the prize fund has been increased to accommodate the new structure for prizes in the £5,000 to £1m range. And we will continue to pay out more than 185,000 of the smaller value prizes of £50, £100, £500 and £1,000.

So the chances of winning have not become more remote as Mr Shimmins suggests. The odds of any single £1 bond winning a prize in any monthly draw remain unchanged at 15,000 to one, but there will be more money to be won.

Alan McGill,
controller,
premium bond office,
National Savings,
Blackpool FY3 9YP

Right balance for investment regulation

From Mr Michael Bryant and Mr Mark Rittner.

Sir, It is all too easy to accuse the life industry, particularly the Prudential and now Standard Life, of rocking the Personal Investment Authority boat and consequently its efforts to achieve effective regulation of the retail investment sector. A row about whether industry interests, or consumer interests, should have a majority on the new PIA board may seem to many to be akin to the "angels dancing on a pin" debate.

But the dispute is a symptom of a wider industry concern: either investment regulation is on a statutory basis in the UK, with proper reporting and accountability to Parliament, or regulation should be by the industry itself – it is already paying for it – with the ability for consumers, and their representatives, to criticise publicly, and have unrestricted access to the Securities and Investments Board, if they believe that the industry's own attempts at regulation are ineffective.

An eminent retired civil servant, Sir Kenneth Clucas, with no axe to grind, concluded that a self-regulatory body with a balance between product providers, independent advisers and consumers, with no one sector having predominance, was in the best interests of retail investment regulation. He came to that conclusion in the knowledge that the primary regulator, SIB, already had a majority of public interest members and, at the end of the day, SIB is the ultimate arbiter of self-regulating organisations' developments.

It is Andrew Large, the SIB chairman, who has chosen to overthrow this delicate balance which is a fundamental constituent of self-regulation within a statutory framework.

So it is not Jim Stretton of Standard Life who is upsetting the regulatory applecart: he is merely pursuing the logic of self-regulation and emphasising that Mr Large's course has no ultimate destination other than statutory regulation with accountability to Parliament.

Michael Bryant,
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Bond scheme could remove 'black hole' of CAP spending

From Mr Terry Wynn, MEP.

Sir, Your headline, "Steichen says no more farm reform needed" (January 7), is misleading and worried those of us who would like to see a more radical reform of the Common Agricultural Policy (CAP). The Commission may feel that the cereals sector should not need further adjustment before 1996 but the sugar, wine and beef sectors will need to be reformed before then.

It is not even clear whether we can pay for the existing reforms and the General Agreement on Tariffs and Trade-imposed price reductions within the current legally binding agricultural spending ceiling. The Brussels European summit of December 1993 said clearly that if Gatt put further pressure on the reformed CAP, it would take the necessary steps (namely, to compensate farmers for price reductions) while respecting the decisions of the Edinburgh Council to stay within the agricultural guideline (the legally binding budgetary ceiling). We need to ask ourselves what "taking the necessary steps while respecting the guideline" means.

It can only mean one of two things. Either member states take the money from their own pockets and therefore begin to re-nationalise the CAP, which would be unthinkable, or they accept a way of re-reforming the CAP which does not break the budget. The only way to do this is through compensation in the form of one-off, transferable bonds, which would compensate for price reductions and give farmers a time-limited, annual income or a lump sum allowing them to invest or diversify. Either way they could plan for the future. Economists have calculated that this would save the EC budget £3.8bn a year.

European taxpayers are paying £28bn this year for the CAP. It would be better spent on proper food, rural, and environment policies. The "bond" scheme is the mechanism which can lead towards this, and free us from the black hole of CAP spending.

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Business and the banks

There is always a risk in economic and financial policy that ministers and central bankers will respond to the last crisis but one while ignoring the signs of crises to come. The debate about the relationship between the banks and small business in Britain is a case in point.

Bankers can never expect to be popular. But the widespread disillusionment now felt by small business over high bank charges and high-handed behaviour is primarily a reflection of the unusual structure of the last economic cycle. Individual banks and bankers are no doubt at fault – there can be no respectable excuse for charging for the bank manager's time when the client has paid for the banker's lunch. But as the Governor of the Bank of England rightly indicated yesterday, banks are less to blame for the troubles of small business than those responsible for wayward macroeconomic management.

In the recession of the early 1980s big business suffered disproportionately because a brutal monetary squeeze was administered chiefly through an overvalued exchange rate. The non-tradeable sector of the economy, in which the majority of small businesses operate, escaped relatively lightly. In the latest recession the squeeze was imparted mainly through a sharp increase in interest rates, which caused nominal house prices to fall for the first time since the second world war. Since most small businesses in Britain are overborrowed and their borrowings are often secured on their owners' homes, this unprecedented double disinflationary shock was devastating.

Against such a background it is galling for small business to see banks widening their margins as they seek to restore profitability and bolster capital, especially in the light of the banks' high-profile lending blunders in commercial property and elsewhere. Yet it is important to remember that small business lending is not notably profitable for the banks. As the governor has pointed out, the high street banks have had to provide £3bn against a small business loan book of £45bn over the past two-and-a-half years. It is the personal customer, not small business, who has been cross-subsidising the banks' less profitable operations in recent years; and it is the personal customer who has recently been most heavily mugged, as a result of mis-selling by the banks' overenthusiastic army of pensions salesmen.

It follows from all this that the first priority in addressing the concerns of small business should be to improve the conduct of monetary policy. The second should be to acknowledge that the macroeconomic record in Britain does not inspire confidence and that the small business balance sheet needs better fire-proofing. That points to a number of long-touted remedies: more equity, more fixed-term, fixed-rate lending in place of overdrafts that can be withdrawn on demand and more emphasis on cash flow instead of collateral in lending.

Much of this is happening already. The sudden end to the postwar pattern of net disinvestment in equities by the personal sector can only be helpful: a less institutional capital market is one in which so-called business angels will thrive. At the top end of the scale a buoyant equity market has facilitated a flow of fresh capital into small quoted companies. Lower down, fixed rate lending is growing fast in the new disinflationary climate. Banks have surplus capital and are anxious to lend again. The margins, admittedly, look fat. But as bank profits recover, competition tends to reassert itself. The Office of Fair Trading should be on the look out for any market failure here.

Testing Mr Assad

Syria, under President Hafez al-Assad, has long prided itself on representing the true, beating heart of Arab nationalism. While the late President Sadat of Egypt, and most recently Mr Yassir Arafat, the chairman of the Palestine Liberation Organisation, broke Arab ranks to secure or seek a separate deal with Israel, the Syrians remained constant in their determination to force Israel into a just and comprehensive peace that satisfied all Arab aspirations.

That, at least, is how the regime in Damascus has sought to portray itself. So, when President Assad says in public, and in the presence of US President Bill Clinton, that Syria has made a strategic choice for peace and is prepared to establish normal relations with all its neighbours, the international community and Israel should pay attention.

Not surprisingly, Mr Clinton and his advisers sought to place the most positive, even generous, interpretation on Mr Assad's statements in Geneva on Sunday. Mr Assad has not survived in the Middle East for so long without measuring his actions and words with consummate care. But he has now said in public what had been demanded from him by both Israel and the US, and has thus gone some way towards answering the accusation that he was doing nothing to prepare the Syrian people for the possibility of peace.

The price demanded by Mr Assad is, in large part, well known and formed the basis on which Syria attended the opening of the peace process in Madrid more than two years ago. Mr Assad will accept nothing less that the full implementation of UN Security Council resolutions 242 and 338 which, for him, means a total Israeli withdrawal from the Golan Heights seized in the 1967 war. But Mr Assad also demands an independent state for the Palestinians and wants the Israelis to withdraw from south Lebanon. He believes that the only durable solution is one which equally resolves all those issues, a view echoed in Geneva by Mr Clinton.

There is but one way for Israel to test Mr Assad's statements and the depth of his commitment to his Arab negotiating partners. And that is by announcing a willingness to acknowledge Syrian sovereignty over the Golan Heights, in return for a far more specific commitment from Mr Assad on the normalisation of relations with Israel. Such a move would require a politically courageous step from Mr Yitzhak Rabin, Israel's prime minister. But until he takes it, Israel's leaders cannot be sure whether another, and perhaps the best, opportunity for Middle East peace is being allowed to go begging.

Two-speed link

The British government's vacillation over building a fast rail link to the Channel tunnel has given a new meaning to the term "two-speed Europe". When the tunnel opens in May, trains from Paris to Calais will travel at 180mph but complete the journey from Dover to London at about 47mph. Last year, France's President François Mitterrand rightly poked fun at the UK's slow-coach approach.

Now it appears ministers are finally prepared to commit whatever public funds are needed to make the project financially viable for private investment. A beauty contest to choose the private partner will start shortly. Though the link will still not be ready until 2002, this determination to form a genuine partnership with the private sector is welcome.

The government's original error was to think the private sector could handle the £3bn project on its own. Public sector funds are needed because the link will have social benefits that cannot easily be turned into profitable business. Active government involvement will also be vital to overcome legislative and regulatory hurdles.

Nevertheless, the government's idea of using the private sector to build the link was not wholly misconceived. Competitive private enterprise is better suited to design, build and operate such projects than the public sector. Involving private investors should also minimise the burden on the public purse.

Ministers' current idea of a joint venture between public and private sectors could provide the best of both worlds. But such a partnership will not be easy to manage. For a start, government should smarten up its negotiating act. Off-the-record suggestions that the public sector would put up £1bn-£1.5bn are not helpful, as they could merely encourage contractors to inflate their profit margins. The purpose of competitive tendering should be to get the best value for money for taxpayers.

Even more tricky will be to allocate risk clearly between the public and private sectors. Will government compensate the private partner if legislation to authorise the link is delayed or safety regulations are tightened? Ministers will need to answer such questions carefully if they are to avoid destructive wrangles in the future.

Making a success of the fast rail link is not simply an important goal in its own right. Given its status as a flagship project, it will have repercussions for the government's wider initiative for attracting private capital for public infrastructure. Success with the Channel link will convince companies that they can do business with government.

David Goodhart examines the UK's options for tackling unemployment among unskilled young men

How to get the drop-outs back in


Trevor Donnelly, aged 22

'I've been on two YTs and three ETs and I still haven't got a job.'


Phillip Donnelly, aged 23

'I just sit in the house, play the guitar. You just get sick, bored.'


Robert Oxley, aged 25

'It's no good having a lot of training if there are no prospects at the end of it.'


Darren Chow, aged 25

'At the end of the training, I just got hoyed back on the dole.'

Unskilled men are not wanted by UK employers. Displaced by machines, women and the cheaper labour of workers in developing countries, nearly one in three of them does not have a job.

Such men – and the young unskilled in particular – spoil the picture of falling registered unemployment, which last week dipped beneath 10 per cent for the first time in 18 months.

According to Mr Jonathan Wadsworth, an economist at the London School of Economics, 18.2 per cent of low-skill males (those with only CSEs below grade 1 or no formal qualifications) are now unemployed compared with only 5 per cent of graduates. But the figure for low-skill males, he says, understates the problem because many unskilled workers have left the labour market altogether by, for instance, signing up for long-term sickness benefit. Between 1977 and 1991, the proportion of low-skill men with jobs fell from 88 per cent to 67 per cent.

The extent of this collapse in demand for low-skilled men has only recently caught the attention of policymakers; anxiety in Whitehall has been prompted at least partly by fears that a growing, semi-permanent underclass is fuelling rising crime.

Concern has been deepened by a belief that unskilled male unemployment is no longer cyclical, as it has been in the past. During the 1980s experts believed that if such workers could be kept in touch with the labour market through temporary work schemes they would find a job when the economy picked up.

But many of the relatively well-paid, "good jobs" that unskilled men used to do – in the steel industry or docks – have disappeared for good. Employment growth over the past two decades has been in less well-paid, often part-time jobs in the service sector. While service-sector employment grew by 22 per cent in the 1980s, industrial employment fell by 31.2 per cent. As a result of this switch, men are twice as likely as women to be made redundant, and two-thirds of men made redundant are under 35, according to an Employment Department study last week.

Displaced unskilled men are reluctant to take low-paid "women's jobs" for reasons of pride or because pay rates are too low to justify coming off social security. In any case employers usually prefer to take on women, because they are generally more productive and flexible.

At the same time, unskilled young men are finding other doors closing. In the early postwar decades, the armed forces recruited up to 10 per cent of 16-year-old male school-leavers every year, but now take only a few hundred. For many of the most disadvantaged young men in Britain, the army had provided self-esteem, social skills and, where needed, high-quality remedial education.

With conventional employment routes blocked, a growing number of young men earns an income and gains a sense of worth through crime or drugs. "A lot of young men who once got their social values from the army are now getting them in prison," says Ms Vivien Stern, director of the National Association for the Care and Resettlement of Offenders (Nacro).

Several US studies have established a link between rising numbers of young males outside the labour market and rising crime. In the UK, Mr David Pyle, a Leicester university expert on the economics of crime, says that the crime-unemployment link is difficult to prove, but he has estimated a 10 per cent increase in unemployment leads to an 8.5 per cent increase in burglary.

Male youth unemployment – although currently more than 20 per cent – has not been a focus of national attention since the early 1980s, when an outbreak of inner-city riots prompted fears for a generation of youth without work. That is partly because absolute numbers are lower, thanks to the slower birth rate in the 1970s, and more young people are staying on at school.

But many experts believe that the danger of long-term exclusion for these young men is now much greater. "A minority of young men have always been involved in crime or antisocial behaviour. In the past they settled down into apprenticeships, jobs or marriage, and became law-abiding citizens. Fewer are now doing that," says Ms Pamela Meadows, director of the Policy Studies Institute, the UK think-tank.

Government attempts to catch the young male drop-outs have had mixed results. Ministers want every 16- to 19-year-old to be either in full-time education or training, or in a job leading to a qualification. Skills training, combined with a big expansion of further education, is clearly part of the answer when the proportion of low-skilled jobs is falling so rapidly, from 60 per cent to 35 per cent since 1979, says Mr Wadsworth of the LSE.

In November, the government unveiled its new apprenticeship initiative, aimed at finding high-quality training places for 40,000 young people a year by 1996. But Whitehall officials acknowledge that for others the two main existing training schemes – Youth Training and Training for Work for adults – often provide neither adequate training nor "real" work. Moreover, many young people are not covered at all: a recent study by Tyneside Training and Enterprise Council found that nearly 10 per cent of all school-leavers in Newcastle were dropping out of the system altogether.

For this disaffected and poorly educated minority, many of the training-linked job-creation solutions seem inappropriate, at least as the first step, because they do not seem to lead to anything.

What are the alternatives? One option, with which the government is experimenting in a dozen pilot schemes, is to try to price the low-skilled unemployed into real jobs. Some of these pilots, such as the "Workstart" scheme, subsidise employers' labour costs, so workers can be paid a wage that gives them an incentive to come off benefit. Such schemes are in line with European Commission ideas for cutting employers' social security costs for the low skilled.

Other pilots, such as the "portfolio worker scheme", try to encourage adjustment to the growth in part-time employment by financially supporting unemployed workers as they build up a portfolio of two or three part-time jobs, rather than wait for a suitable full-time vacancy. Full Employment UK, the jobs consultancy, is working on a similar plan which will offer volunteers three days' work a week for three months in growing small businesses, in the hope that a proper job will be offered at the end.

An alternative, more traditional option for helping the low-skilled unemployed is for the government to become an "employer of last resort", by funding infrastructure projects, such as road building. But such schemes can be costly.

Also likely to be ruled out on grounds of expense, is a return to the 1980s Community Programme which created 250,000 jobs a year but, because it paid close to the rate for the job, incurred an annual cost of more than £1bn.

Nevertheless, the government is interested in less ambitious community work schemes. A new version, Community Action, launched last year, will give priority to unemployed 18- to 24-year-olds and hopes to provide 80,000 part-time work places at a cost of £120m a year. But it is expected to pay a wage only a little higher than unemployment benefit, and is therefore unlikely to fill all the places.

The problem is familiar. With most of the £2.5bn spent by the government each year on measures for the unemployed still committed to training schemes, the money available for the alternatives of pricing the unemployed back into work or creating community jobs is limited.

A radical alternative being canvassed by some employment experts – mostly in private because of the political sensitivities – is to create some sort of "peace corps", or civilian national service, for those young people who by choice or accident slip through the training net.

Ms Stern of Nacro agrees there is a danger of stigma becoming attached to such a scheme if it was reserved only for people at the bottom of the heap. But she believes there is a need for a national project which combines discipline, self-discovery and community work, borrowing from the schemes for inner-city youth run by the Prince of Wales' Trust.

Crucially, says Ms Stern, such a scheme should appeal to young men raised in a tough street culture. "Such people despise half-baked training schemes. Far better to have something like a 'youth action force', perhaps run by a glamorous local institution like a football club, which would inject a sense of fun and purpose," she says.

Though Nacro has no blueprint to offer, it has had local successes finding jobs in the performing arts and music industries for former young offenders. Nacro believes more imagination is required to tap the skills of young drop-outs.

So far there is no sign of any political party backing a compulsory programme of civilian national service. As a half-way measure, ministers might consider withdrawing benefit from any unemployed person under 25 who refuses to join an approved project in the voluntary sector, such as those teaching entrepreneurship on deprived housing estates.

That too would cost money – which the government does not have. But if ministers do not find an alternative means of intervening effectively to equip unskilled youths with the ability to get on in mainstream society, many of today's unemployed will become an even greater burden on government resources later in their lives.

Many hands light on work

Chris Tighe canvasses the jobless on training schemes

"Training schemes? They're crap."

Darren Chow, 25, unemployed, father of one baby with another due in March, is a scheme veteran: he has been on five since leaving school with two CSEs but has never had a "proper job". "At the end of the training, I just got hoyed [thrown] back on the dole. They don't get you into work."

Benwell, the area of Newcastle in which Chow lives, once housed thousands of families whose male breadwinners worked at the vast Vickers engineering complex and other heavy industrial works along the River Tyne. Today, Vickers remains but, like most of the new workplaces along the river, it now employs not masses of labourers but a highly trained, skilled elite.

Chow has picked up Youth Training qualifications as a painter and decorator, a City and Guilds in catering from a year at college and a criminal record – 14 months in prison for attacking an inspector on Tyneside's Metro network.

This month he starts at a Job Club, a government-sponsored initiative to help the unemployed find work. If it proves fruitless, he plans to return to college for more catering training. "I've kept out of trouble for two and half years; I can't afford to get into trouble now with my children," he says. "I'd be a better lad today if I'd got a job."

Along the road, brothers Trevor and Phillip Donnelly, 22 and 23, are walking home from the Netto discount supermarket. "I've been on two YTs and three ETs [employment training schemes] and I still haven't got a job," says Trevor. "The first YT was at a butchery. They had us sweeping floors. It was rubbish. It was six months before they'd let you scrub the blocks."

His latest scheme gave him fork-lift truck-driving experience, but no job. He has been on the dole a year. "I might take another scheme just to get out of the house."

Phillip, jobless for nine months, has had one proper job – a short-term contract as a hospital domestic. His mother fixed that up. A hospital cleaner, she is the only one in the family of seven working.

Neither Trevor nor Phillip has ever been in trouble. "I just sit in the house, play the guitar," says Phillip. "You just get sick, bored." After surviving on £69 each a fortnight, they would be happy to earn £100 a week. "I'm not asking for wads of money," says Trevor.

Disillusion with training schemes is widespread. But Newcastle's West End offers a scheme giving real prospects of work for unskilled men. The government-funded Newcastle City Challenge urban regeneration initiative has employed Larry Watt, an experienced construction project manager, to persuade companies to which it awards building contracts to recruit local people to work on site.

His job is not easy; many contractors believe trainees lack skills. But Watt is dogged, and the West End trainees he offers do have skills: they have attended a Tyneside scheme run by Jarvis, the construction company, which offers 39 weeks of concentrated training, including site experience, in bricklaying or joinery, and a National Vocational Qualification.

So far 50 West End men have taken up this scheme. Half are now employed and the rest are still in training with Jarvis. For some such as 29-year-old Steven Wilson, now on site placement and about to hear whether the contractor is to employ him, it has helped surmount a history of school truancy, patchy employment and a criminal record.

For others like Robert Oxley, 25, employed by a contractor improving the West End estate where he lives, it has been the chance to gain a job and joinery skills.

"It's up to employers to give people a chance," he says. "There needs be better quality of training, and better prospects. It's no good having a lot of training if there are no prospects at the end of it."

OBSERVER

Economy class only

■ Those who feel that airline flights leave them feeling more dead than alive should consider linking up with USAir, which has started a frequent flyer programme for the existentially-challenged, otherwise known as deceased.

USAir now offers funeral directors one free round trip flight in the US for every 30 bodies they ship on the company's flights. It's big business; no less than 3 per cent of USAir's cargo traffic consists of the transport of corpses. The airline – which claims to be the number one carrier to the pension paradise of Florida – is particularly active flying the remains of retirees back home.

The programme is part of USAir's Tender Loving Care scheme, launched last October. It's obviously working; custom has increased by 30 per cent since it was started. USAir, whose public relations staff imaginatively describes this niche market as "healthy and profitable", says it carries several thousand bodies each month.

Then there were six

■ Bang goes one of the perks of the job of being the CBI's chief economist. The Treasury is not going to replace Andrew Sentance, the CBI representative on its panel of independent economic forecasters, following his move to the London Business School.

The group is about half way through its two-year term of advising Alan Budd, the government's chief economist, and has achieved a harmony of sorts after some initial tantrums.

One suggestion was that a new member might upset this delicate balance especially as the next round of consultation and forecasting is due to start early next month.

However, the CBI might reflect that it is largely to blame for losing its place in what has been an unexpectedly influential group because it has taken so long to find a successor for Sentance. Meanwhile, the Treasury, by failing to appoint a talented female economist to the vacant post, has missed a trick in its campaign to stop people referring to the group as the "wise men".

MoD minefield

■ Sounds like Mike Robinson, the 44-year-old chief executive of Bristol city council, has landed one of the best-paid jobs in British housing. The normally well-informed Housing Associations Weekly says Robinson is to head the non-profit-making body being set up to take charge of the Ministry of Defence's housing stock.

As usual, the MoD remains tight-lipped, but Robinson is believed to have got the £100,000 plus job of looking after the 69,000 service homes. They are being transferred to a private housing trust which will be more than twice as big as the largest housing association, the North British.

The attractions for the government are obvious. It raises over £500m and no longer has to worry about the increasing burden of making the rundown properties fit for our troops to live in.

However, not all housing associations are going to welcome the arrival of such a big player at a time when they are already competing for a much smaller pot of public money. And even if the new trust is refused official hand-outs, it will be seeking a lot of money from the City – thus crowding out less well-connected housing bodies. Another government initiative which has backfired?


'I only got pregnant to get a council flat and then they sold it to some Tories'

Yesterday's samba

■ Itamar Franco, thrown unwillingly into the role of Brazil's president following the resignation two years ago of the disgraced Fernando Collor, has the same personal greyness more often associated with John Major. But he could be forgiven for being irritated with the Uruguayan newspaper El Pais.

When he visited Montevideo last weekend, El Pais referred to him as José Sarney – who left office in 1989.

Low farce

■ The executive search profession was unimpressed by the first episode of the BBC's *Headhunters* drama on Sunday night; TV reviewers panned it too. The Daily Mail's said it was as "thrilling as a tour round a processed pea factory". Apart from cameo appearances by Andrew Neil – editor of The Sunday Times – and jazz singer George Melly, all the characters were a little stiff.

But the story line – what happens when a headhunter poaches a team of hot-shot entertainment lawyers from a fuddy-duddy law firm – is not utterly daft.

After all, Russell Reynolds, one of the flashier international headhunters, has just poached Roddy Gow, a former chief executive of Goddard Kay Rogers, a smaller and more conservative firm which is still recovering from the untimely death in an air accident of one of its founders David Kay.

Rather a case of kitsch, not art, imitating life.

Hard cheese

■ Who says the Swiss have no sense of humour? Jean-Pascal Delamuraz, the Euro-fanatic Swiss economics minister proves the contrary, and now claims to have a sympathiser in heaven.

He tells of the German, Italian and Swiss foreign ministers having brief audiences with God. The Italian asks when his country will finally be rid of the mafia. "It will be in 10 years," says God. "Oh dear, I'll no longer be in office then," responds the minister. The German asks when the neo-Nazis will disappear. "In 15 years," intones the deity; the German minister also regrets he won't be in office then.

The Swiss then asks when Switzerland will join the EU. "By then *I* will no longer be in office," comes the reply.

FINANCIAL TIMES
Tuesday January 18 1994

Major distances himself from Iraq arms affair

By Jimmy Burns, Kevin Brown and Ivor Owen in London

Mr John Major yesterday followed his predecessor, Lady Thatcher,in publicly distancing himself from any responsibility in the arms-for-Iraq affair.

In a generally assured performance before the Scott inquiry which his officials hoped would help restore some of his political authority, Mr Major said that at no stage either as a cabinet minister nor as prime minister had he played any role in setting guidelines on defence exports to Iraq or in relaxing them.

He also denied any role in the decision by his ministers and the attorney general,Sir Nicholas Lyell,to issue public immunity certificates withholding information in the trial of three businessman from the Midlands machine tool company, Matrix-Churchill.

Mr Major's appearance before the inquiry, which he agreed to in November 1992 under intense political pressure following the collapse of the Matrix-Churchill trial, was the first time that a serving British prime minister has given public evidence to a judge in public.

But yesterday's low-key public hearing before a packed audience of journalists, members of the public, Whitehall officials, and some opposition MPs, contrasted with the drama of some previous encounters between Lord Justice Scott and witnesses.

Mr Major said that the first time he saw an official document referring to a more "flexible" government guidelines was in July 1989 while he was foreign secretary, but said he did not consider this to amount to any major change of policy.

"Neither at that stage, nor later, was I involved in the formulation of the guidelines, consideration of the guidelines, amendment of the guidelines or interpretion of the guidelines."

Only at one point did he seem rattled when he was referred to a correspondence between himself and Mr Douglas Hurd, the foreign secretary, in October 1992 confirming that junior ministers had secretly agreed to the export of machine-tools which they knew could be arguably in breach of government guidelines.

Questioned on ministerial accountability, Mr Major agreed that ministers were responsible to parliament for the conduct of their departments and were accountable for the organisation of their departments. He identified Sir Robin Butler, cabinet secretary, as the man who should put right any failings in the dissemination of intelligence.

Mr Major seemed to draw strength from the inquiry's reference showing him opposing the sale of Hawk jets to Iraq on financial and moral grounds, as well as making efforts behind the scenes to ensure replies to parliament during the Matrix-Churchill furore were accurate.

German aerospace chiefs urge emergency subsidies

By Quentin Peel in Bonn

Germany's crisis-hit aerospace industry yesterday called on the Bonn government to draw up an emergency subsidy programme to enable the sector to survive and compete with US and Asian manufacturers.

At a meeting near Bonn, 300 industry leaders spelt out a string of demands for government support to stem the current spate of job losses.

Mr Hartmut Mehdorn, the Deutsche Aerospace (Dasa) director responsible for aerospace, whose company has announced 16,000 redundancies from its 80,000-strong workforce, said that if government and industry failed to agree a "new priority" for aerospace, Germany would fall behind its competitors in the technology.

He set out a 10-point programme, including direct research subsidies of up to DM340m ($197.60m) a year for new technologies, including helicopter and aerospace equipment – but not engine research. He also called for direct grants of DM25m per year to develop a new extra-large air freighter to replace the Transall.

He urged the government to match the huge programme of indirect aerospace promotion conducted by the US government, through both Nasa, the space agency, and the military procurement programme.

He said President Bill Clinton had given a new lease of life to the US industry, both through research promotion, and "by not being too proud to act as a carpet-trader on behalf of Boeing products throughout the world".

The plight of the German industry has aroused widespread sympathy within the German government and in all the German federal states where the industry is a big employer. They include the conservative states of Bavaria and Baden-Württemberg in the south, but also the Social Democrat-ruled states of Bremen, Hamburg and Lower Saxony in northern Germany.

Mr Reinhard Göhner, the state secretary responsible for aerospace, who convened the meeting, said he hoped that more indirect research support could be made available, in spite of the government's current drastic savings programme. He called on the industry to draw up a list of specific projects to be supported.

"We want to develop a new system for promoting aviation and the aerospace industry, as a consequence of international conditions," he said. "We want to get away from direct subsidies, which can only be used to a limited extent, and switch to indirect promotion."

However, he said this might only be possible in the 1995 budget, as 1994 spending was already over-committed.

Christian Democrats call for tough curbs on foreign labour

By Quentin Peel in Bonn

The ruling Christian Democrats in Germany are calling for tough measures to crack down on the employment of cheap foreign labour and a national initiative to promote part-time work and flexible hours, in a bid to counter rising unemployment.

The economic programme of Chancellor Helmut Kohl's Christian Democratic Union, approved at the weekend by the party's national executive, calls for companies employing illegal labour to be blacklisted for public sector contracts. At the same time, it wants special measures to allow long-term unemployed in Germany to be hired for low wages – below the industry minima fixed by national wage contracts.

As for part-time working, the CDU is calling for a "national offensive" to increase the numbers, arguing that at least 2m extra jobs could be created.

The controversial document was drawn up by a working group chaired by Mr Klaus Töpfer, the environment minister, and it lays great stress on the need to promote new technologies, including environmental technology, to maintain German competitiveness internationally.

Shortly after the proposals were published, an inner circle of government ministers agreed on measures to prune a further DM5bn ($2.9bn) in spending this year, in an effort to keep the federal government's borrowing requirement below DM70bn. The defence ministry will bear the brunt of the latest cuts, with DM1.2bn, followed by the transport and employment ministries. Further savings of DM2.5bn have yet to be found.

The CDU programme calls for continuing strict control over public spending, and in particular for state spending on social programmes to ease redundancies in the private sector to be converted from grants to loans.

It also proposes the creation of a National Technology Council to co-ordinate research, promote rapid industrial application of German inventions and intervene in a national debate which often appears hostile to innovation.

The programme calls for joint efforts between the government and the banking sector to make more venture capital available, with attractive tax incentives, for high-risk projects. The proposed job creation measures are likely to prove controversial in the election campaign, relying as they do on drastic deregulation of the labour market.

Germany's largest union, IG Metall, yesterday warned it might strike this year and the leader of the largest public services union, the OeTV, said pay talks would be very difficult, Reuter reports from Frankfurt.

The two unions, which will negotiate wage deals for almost 7m workers, are under fire from employers who say wage freezes are essential to counter problems caused by Germany's worst post-war recession.

Mr Walter Riester, deputy president of the IG Metall engineering union, said: "It is possible that we will not be able to manage without a strike."

IG Metall has claimed a 5.5 per cent pay rise for 1994, while public servants want 4 per cent.

Exports may speed German recovery, Page 2

Earthquake

Continued from Page 1

were power cuts throughout California.

Mr Richard Riordan, the city's mayor, declared a local emergency an hour after the earthquake, freeing local emergency services to respond without regard for costs. President Bill Clinton and California governor Pete Wilson also offered emergency support to the city.

US-China textile deal

Continued from Page 1

$4.68bn in 1993. Shipments of silk clothes – the fastest-growing Chinese garment exports to the US – accounted for a further $2.5bn.

China's trade surplus with theUS reached $25bn last year, prompting demands by US congressmen for steps to restrain Chinese imports.

China dominates textile exports to the US, accounting for between 20 and 25 per cent of all clothing sold. US textile industry representatives say illegal Chinese imports have cost 50,000 US jobs. US customs seized some $581m of textiles illegally imported into the US since 1991 during the previous agreement.

Mrs Wu Yi, China's trade minister, expressed satisfaction with the agreement, appearing relieved that US demands were not more severe.

THE LEX COLUMN

Tokyo takes stock

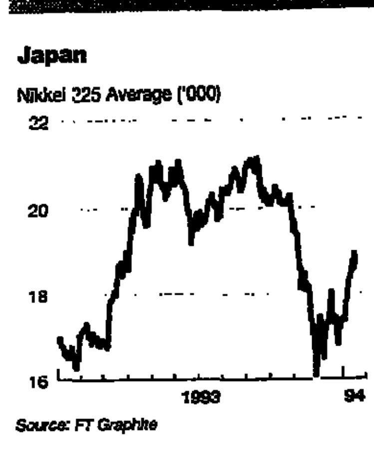
The last time international investors took a shine to Japanese equities – towards the end of 1991 – the results were anything but pleasing, as the market continued to slide. Two years on, foreign institutions are prepared to give Tokyo another shot. The 17 per cent rise in the Nikkei average from the depths plumbed in November has been fuelled by overseas buying. Taking profits in over-heated Asian markets such as Hong Kong or Malaysia and reinvesting in Tokyo is a common strategy.

Measured against bond yields hovering around 3 per cent the Nikkei hardly looks stretched. But investing in Japanese equities is an act of faith. Even if Mr Morihiro Hosokawa's coalition can push political reform through parliament this week, there is no guarantee it will be able to agree an economic package of stature. Three rounds of fiscal stimulus have failed to kick-start the economy. A more imaginative approach, probably including personal tax cuts, is required.

With Mr Hosokawa due to meet President Clinton in Washington next month, failure to deliver a stimulus would create friction over Japan's trade surplus. The gentle depreciation of the yen against the dollar, from Y101 last August to Y111 yesterday, has brought relief for Japanese exporters. The stock market has been led higher by the big consumer electronics companies, which points to selective buying of exporters. Unless Japan acts to stimulate domestic demand, though, the US may again be tempted to talk the yen up as a way of tackling trade.

FT-SE Index: 3407.8 (+7.2)

Japan



Source: FT Graphite

Reuters

Reuters is currently standing at the confluence of several investment streams and is in danger of being swept away in the flood. The shares are washing up against the £20 mark, which must make a share split a real possibility. The purchase of Quotron has provided the immediate cause for the rise. But the buoyancy of the world's financial markets and the rerating of media sectors on both sides of the Atlantic, thanks to multi-media induced intoxication, provide the underlying rationale.

The cancellation rate for Reuters' trading screens has reduced as a result of currency turmoil and surging markets. The growth of emerging economies has also fuelled demand for new screens, helping to swell Reuters' terminal base, which had stalled at around 200,000. Reuters is also seeking to expand into new markets, through the provision of on-line information services to the advertising and medical markets, although few of these projects are likely to yield substantial returns in the immediate future.

The step-up in the rate of acquisitions and the working capital demands of installing new screens make it unlikely that Reuters will repeat its share repurchase scheme. The tax credits which facilitated that scheme have also been exhausted. Reuters' attractions therefore rely wholly on its earnings prospects, which investors have dangerously over-egged before. Still, Reuters' rating remains well below its 1987 peak.

Project finance

Reports that the government may be prepared to invest up to £1.5bn of public funds in the Channel tunnel rail link provide further confirmation that a sea change may indeed be sweeping through Whitehall. Such numbers, though, must be treated with scepticism, given that the talks between the public and private sectors are at such an early stage. It would be bizarre if the government chose to publicise the precise level of its funding commitment in advance. That would only weaken the Treasury's negotiating hand. The suspicion must be that the headline number may include the costs the government has already sunk into Eurostar's new train sets and into upgrading existing rail lines. It is far from clear how much new money will be forthcoming.

However, considerable public generosity will be required to prime the pump and entice the private sector into participating in the project. The link may be a political imperative but the government will have to work in a competitive global marketplace for capital and skills. Perhaps Sir Alastair Morton's private finance working group, which meets again today, can help ginger up Whitehall thinking some more.

Albert Fisher

It could almost be the old days at Albert Fisher. An ambitious management with a strategic plan buys a US company with a patchy earnings record for a little cash and a large deferred payment. Since Fisher suffered second degree burns playing with that particular box of matches, it is surprising that the new management is prepared to give it another whirl. Nor is it encouraging to hear the acquisition described as earnings enhancing, calculated on the initial payment only.

Fisher's balance sheet is not particularly stretched, so the full price could have been paid now. On the other hand the company will have to refinance its convertible shares this year, pushing gearing over 30 per cent. Presumably a rights issue is ruled out at the current rating, so perhaps Fisher simply wants to stay flexible. Yet if it is to finance its ambitions to graduate from commodity apples to sliced salads it cannot do so on the never never. The proposition that commodity risk can be taken out of the business by going up market was always questionable. If it is to be tried, at least the bet should be placed in advance.

Eastern Electricity

Eastern Electricity's decision to buy up to 5 per cent of its shares is a small but significant admission of the regional companies' embarrassing riches. The RECs are heading rapidly towards net cash, and even a harsh review of their price caps is unlikely to stop cash generation completely. Funding utilities with equity alone is expensive. While share buy backs help, a much more radical restructuring is needed to get the RECs back on to a sensible footing. Interestingly, the regulator cited cost of capital as an issue he will consider in his current price review. If the RECs do not produce plans to gear up, return excess funds to shareholders and cut bills to customers, the regulator may do it for them.

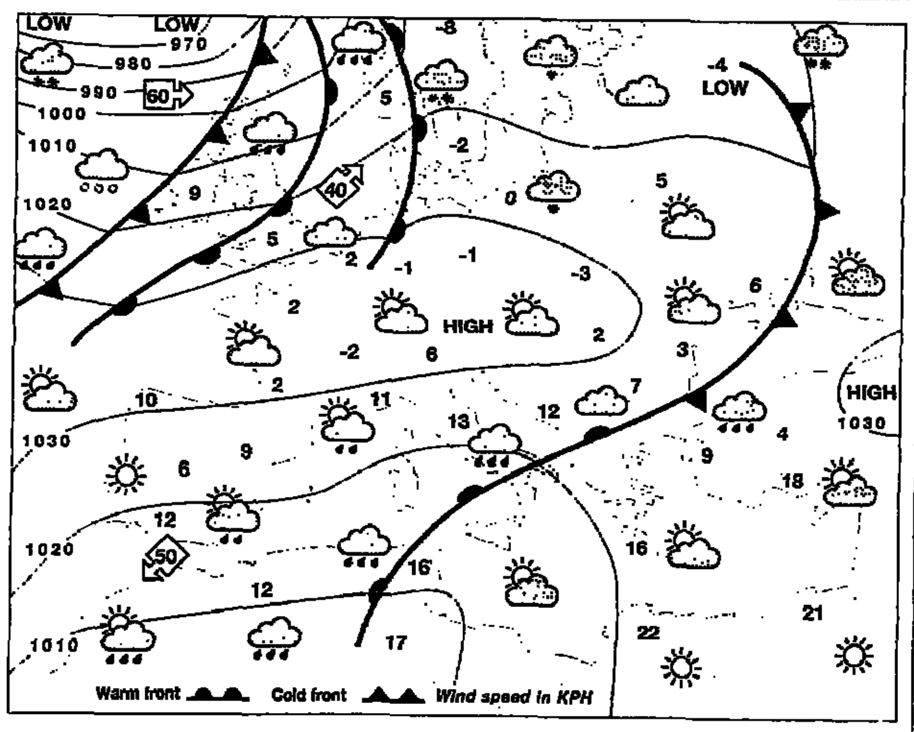
FT WEATHER GUIDE

Europe today

A complex low pressure area between Greenland and Iceland will draw milder air towards the British Isles and Scandinavia. As a result, most of the UK and south-west Norway will be overcast and rainy with winds reaching strong to gale force. High pressure over France, Germany and the Alps will keep the continent dry but cold. The Benelux will have some cloud. Further south, there will be abundant sunshine, except for fog patches. Low pressure over northern Africa and the CIS will cause showers or rain along the east coast of Spain, Italy and northern Greece. Southern Greece will have plenty of sunshine with pleasant temperatures.

Five-day forecast

Low pressure near Greenland will maintain unsettled conditions in Scandinavia and the UK with rain and strong to gale force winds. High pressure over the continent will give dry, sunny and settled conditions with light to moderate night frost. Low presure systems will cause showers over the central and eastern Mediterranean.



TODAY'S TEMPERATURES

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Maximum Celsius

			Beijing	sun	0	Caracas	drzzl	27	Faro	fair	13	Majorca	shower	12	Reykjavik	sleet	3
			Belfast	rain	8	Cardiff	rain	8	Frankfurt	fair	-3	Malta	fair	17	Rio	thund	28
			Belgrade	fair	1	Chicago	snow	-20	Geneva	fog	-3	Manchester	cloudy	5	Riyadh	sun	22
Abu Dhabi	sun	27	Berlin	snow	-1	Cologne	hazy	1	Gibraltar	cloudy	13	Manila	cloudy	29	Rome	shower	13
Accra	fair	32	Bermuda	thund	19	D' Salaam	shower	31	Glasgow	rain	8	Melbourne	fair	26	S. Frsco	fair	17
Algiers	rain	12	Bogota	drzzl	19	Dakar	fair	29	Hamburg	cloudy	0	Mexico City	fair	21	Seoul	fair	-1
Amsterdam	fair	3	Bombay	sun	33	Dallas	sun	2	Helsinki	cloudy	-4	Miami	shower	25	Singapore	cloudy	31
Athens	rain	17	Brussels	hazy	2	Delhi	fair	22	Hong Kong	drzzl	20	Milan	cloudy	4	Stockholm	snow	-6
B. Aires	fair	28	Budapest	fair	0	Dubai	sun	27	Honolulu	thund	28	Montreal	snow	-11	Strasbourg	hazy	-3
B.ham	rain	5	C.hagen	snow	1	Dublin	rain	9	Istanbul	rain	9	Moscow	snow	-4	Sydney	fair	30
Bangkok	fair	34	Cairo	fair	21	Dubrovnik	rain	12	Jersey	fog	8	Munich	hazy	-3	Tangier	cloudy	13
Barcelona	fair	9	Cape Town	fair	27	Edinburgh	rain	8	Karachi	fair	26	Nairobi	thund	29	Tel Aviv	fair	20
									Kuwait	fair	23	Naples	shower	14	Tokyo	sleet	4
									L. Angeles	sun	21	Nassau	thund	26	Toronto	cloudy	-14
									Las Palmas	cloudy	19	New York	snow	0	Tunis	shower	16
									Lima	cloudy	27	Nice	shower	11	Vancouver	shower	9
									Lisbon	sun	9	Nicosia	fair	17	Venice	shower	6
									London	fair	5	Oslo	snow	-4	Vienna	fair	0
									Lux.bourg	sun	-1	Paris	fair	1	Warsaw	snow	-3
									Lyon	fair	-2	Perth	sun	30	Washington	snow	-2
									Madeira	fair	15	Prague	fair	-2	Wellington	drzzl	20
									Madrid	fair	6	Rangoon	fair	33	Winnipeg	sun	-28

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Metallgesellschaft rescue funds grow

Deutsche Bank and Dresdner Bank, the two biggest banks in Germany, have agreed to increase their contribution to the Metallgesellschaft rescue package by a total of DM300m ($177m). Page 18

Reform in Austrian savings
The long-awaited reorganisation of Austria's savings banks sector looks set to begin within weeks. Page 18

A fight in Brazil
AT&T, the US telecommunications group, is attempting to fight its way into Brazil's traditionally protectionist equipment supply market but it is meeting fierce opposition. Page 19

China seeks $1bn
China is set for aggressive capital raising in western markets. Page 22

French towns refinance
Nine of France's post-war "new towns" plan to join forces and issue bonds to refinance high-cost bank debt. Page 19

Order books pick up at Carclo
Carclo Engineering Group announced a 41 per cent increase in interim pre-tax profit. Mr John Ewart, chairman, said order books were significantly fuller than last year, although margins remained under pressure in the UK group's core card clothing division. Page 26

Beverley gets rid of debt

Shareholders in Beverley Group, the UK engineering concern, is to sell properties and businesses to a vehicle controlled by the company's executive directors. Mr Colin Robinson (left), chairman, said Beverley Group was in a net cash position. It would seek to double its size through an acquisition, which would be funded through some form of equity capital raising. Page 26

Albert Fisher makes US buy
Albert Fisher, the food processing and distribution group, is paying up to $25m for some assets of Fresh Western Marketing, a Californian supplier of fresh produce. Page 26

Peel moves ahead
Peel Holdings, the Manchester-based property group, reported interim pre-tax profit of £2.21m up from £1.64m. Page 26

Future bonanza at Butte
Butte Mining, the UK-quoted company whose main activity is prosecuting US lawsuits – it is seeking damages from former managers and promoters – estimates that, if it succeeds with its maximum claim for nearly $1bn, this would be worth 129p a share. Yesterday Butte shares were 4½p. Page 25

Chiroscience seeks £35m
Chiroscience, the UK pharmaceuticals company, yesterday said it would raise £35m ($51m) from its forthcoming flotation. Page 25

Canny Scots eye the US
Edinburgh, Britain's main centre of fund management expertise after London, is chasing the US business hard. Page 27

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Berliner Kraft	281	+	22	Radiotechn	462	+	10
Industrie Werke	382.5	+	7.5	**Falls**			
Klockner Werke	124.5	+	5.5	Air Liquide	849	-	19
Metallg'llschaft	241	+	27	CGIP	1221	-	53
Schmalbach Lub	390	+	9.5	Eridania B-S Cl	805	-	25
Varta	342.5	+	12.5	Matra-Hachette	150	-	10.1
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Calmat	23¾	+	2	Ishihara Sangyo	387	+	17
Kaster	9¾	+	1¾	**Falls**			
Trans Tech	12¼	+	1	Japan Wool	984	-	38
Falls				Mercian Corp	661	-	34
Electrocom	7¼	-	2½	Mitsui Soko	825	-	42
Haemonetics	23⅞	-	2⅛	Nachi Fujikoshi	331	-	18
IBM	57⅞	-	1	Noritake	738	-	34

New York prices at 12:30.

LONDON (Pence)							
Rises				Real Time Cntrl	93	+	7
Adam & Harvey	363	+	35	Shandwick	53	+	3½
BWD Sec	143	+	8	Soundtracs	80	+	7
Banner Homes	159	+	12	Thorntons	193	+	11
Browne & Tawse	63	+	9	Triton Europe	33	+	13
Budgens	41	+	4	**Falls**			
Clarke (T)	62	+	10	Bridport-Gundry	77	-	4
Clayton Son	145	+	42	Colorvision	98	-	17
Cook (DC)	41	+	6	Dalepak Foods	139	-	6
Hearlord	77	+	14	Strand Group	167	-	11
Lon Scottish Bk	105	+	9	Sunrise Energy	145	-	40
McCarthy Stone	64	+	9	Tottenham Hspr	88	-	11
Osborne Little	289	+	24				
Osprey Comm	48	+	6				

Swiss insurer expands base in Germany

By Ian Rodger in Winterthur

Winterthur Insurance is to take control of DBV Versicherung from Commerzbank, a move which will make the Swiss group the 10th largest primary insurer in Germany by premium income.

Winterthur, which has been seeking for several years to build up a substantial presence in Germany, will pay Commerzbank a combination of cash and shares for a 75 per cent interest in the holding company which has a 50.1 per cent stake in DBV. Winterthur will also transfer its own German insurance businesses to the holding.

Mr Peter Spälti, Winterthur chairman, said that no offer would be made to the minority shareholders of DBV, as there would be no change in the direct ownership of the Frankfurt-quoted group.

Commerzbank will retain a minority 25 per cent in the enlarged holding. Both it and DBV-Winterthur will continue to exploit each other's sales networks for banking and insurance products.

Mr Spälti said the takeover would transform Winterthur, the Swiss market leader, into a truly European group. It already has a substantial stake in the UK through its Churchill motor insurance subsidiary, and Provident Life, but earns less than a 10th of its premium income in Germany.

The combined 1993 premium income of DBV and Winterthur's German operations was about DM4.9bn ($2.8bn). Nearly 60 per cent of DBV's DM3.4bn premium income came from life insurance; 27 per cent from health insurance; and the rest from non-life. Winterthur's subsidiaries in Germany earned DM1.5bn in premiums, two thirds of it from non-life business.

Mr Manfred Broska, chief executive of DBV, will continue to lead the enlarged group. Mr Broska said the German insurance market was going through a difficult period, because of recession and liberalisation. But he was confident that DBV, with its connections with Commerzbank and Winterthur, was well placed to succeed.

He said that the group expected to achieve a satisfactory result for 1993 and that there was room for another dividend increase. In 1992, it had net income of DM32.6m and paid a dividend of DM8 per share.

Mr Spälti said Commerzbank would acquire a less than 5 per cent stake in Winterthur as a result of the takeover. Mr Martin Kohlhaussen, Commerzbank chairman, would join the Winterthur board.

Top man at US insurance broker to be replaced

By Richard Waters in New York

Non-executive directors of Alexander & Alexander have acted to replace the US insurance broker's long-time chairman and chief executive, Mr Tinsley Irvin, after a succession of mishaps and disappointing results.

Mr Irvin has stepped down immediately as chairman and will cease to be chief executive once a replacement from outside has been found. The move follows a special board meeting late on Friday, which had been called to consider the management of the group.

Mr Irvin yesterday said he and the board had agreed that "significant changes in leadership" were necessary "to accelerate the pace of change and effect improvements in operations and earnings".

"Some of the old ways we do business must also change," he added.

Two months ago Alexander & Alexander, the world's second largest insurance broker after Marsh & McLennan, was forced to restate earnings back to 1991 when it discovered that its Alexander Consulting Group arm had been overstating its revenues. Earlier last year, the group had to take a special $157.5m charge to cover indemnity costs related mainly to a business it had sold some years previously.

Mr Robert Boni, a former chairman of steel company Armco, has taken over as chairman and will head a committee of non-executive directors charged with finding a new chief executive.

Efforts would be made to boost the company's revenues, cut its costs and "improve organisation controls", Mr Boni said. He paid tribute to the "significant accomplishments" of Mr Irvin, adding that he had brought the company through a turbulent period.

Mr Irvin became chief executive in 1987, as the US broker was recovering from the massive fraud losses it suffered in Alexander Howden, the Lloyd's insurance broker it had acquired in 1982. He became chairman a year later. The company said it would in future divide these two roles.

Alexander & Alexander has suffered from flagging profits in its large US retail insurance broking operations, as well as from a disappointing record from its international acquisitions. These include Alexander Howden and, in 1985, Canadian broker Reed Stenhouse.

Mr Irvin, 60, had been with the company since 1953, and will remain a director.

Nokia and HP in telecoms alliance

By Andrew Adonis in London

Nokia, the Finnish telecommunications manufacturer, has joined forces with Hewlett-Packard, the US electronics group, to develop the next generation of telecoms infrastructure.

They have forged a strategic alliance to develop "intelligent network" systems. The move underlines the convergence of computing and telecoms. Intelligent networks use advanced electronics to provide new services such as freephone, personal numbering and call forwarding.

The alliance pools Nokia's telecoms expertise with Hewlett-Packard's computing platforms. The value of the deal is undisclosed, but "several hundred" employees will be involved.

Nokia, the world's second largest manufacturer of infrastructure for cellular networks, is keen to broaden its telecoms business, which last year accounted for nearly half its $3.1bn turnover. It will take responsibility for marketing and sales, which the companies expect to start this year.

For Hewlett-Packard, the venture is one of several recent moves into mainstream telecoms. A year ago it launched a venture with Ericsson, the Swedish telecoms manufacturer, to provide network management systems. It also has links with Northern Telecom, the Canadian equipment manufacturer.

Ovum, the London-based consultants, estimates that annual expenditure on intelligent network systems could reach $5bn in Europe by 2000. By then, these services are expected to account for 10-15 per cent of call-charge revenue, up from about 3 per cent today. In the US, the proportion is likely to be higher.

Mr Matti Alahuhta, president of Nokia Telecommunications, said: "It was an obvious step for us to seek a long-term agreement with Hewlett-Packard, a leader in open-systems computing which also has a strong commitment to the telecoms industry."

Research and development will be carried out at Nokia's base at Espoo, Finland, and Hewlett-Packard's European centre at Grenoble, France.

Mr Jeremy Ledger, a UK analyst with the consultancy Dataquest, said the deal was "a notable stage in the convergence of different IT sectors in a field where the market opportunities are strong and growing".

HP's new range, Page 19

UK business information group's aggressive return to the acquisition trail has cheered analysts, reports **Andrew Bolger**

Reuters' news flurry dispels mature image

Reuters Holdings may have bought a loss-making business from Citicorp, the US bank, yet the deal has done nothing but good for the business information group's share price. Since it was announced last Thursday, the shares have gained 95p, closing yesterday at a new high of 1920p.

The purchase of the data service business fulfils a long-held aim of Reuters – expansion in US equity markets – and confirms that the UK-based company is not just sitting back on its position in the global financial markets, where it has long dominated foreign exchange trading.

Quotron is the latest in a flurry of acquisitions since July, when Reuters spent half its cash mountain on a £350m ($522m) share repurchase scheme.

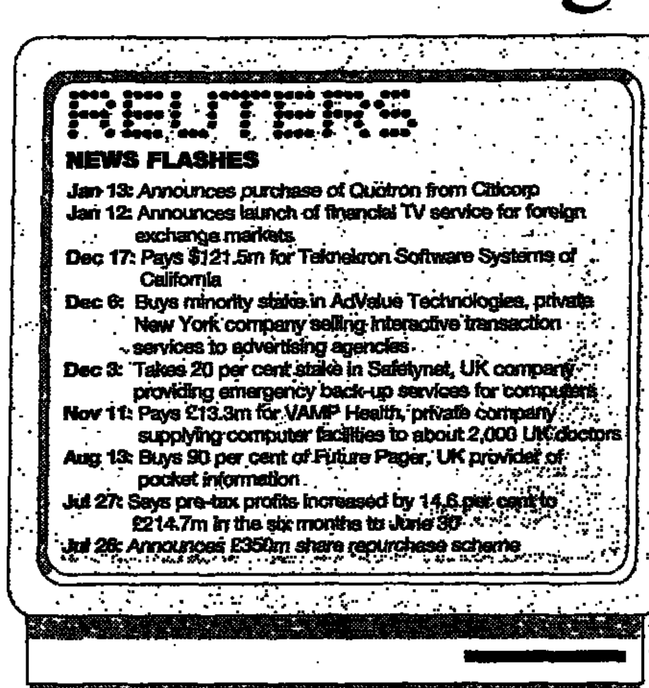
Analysts who were concerned last year that Reuters was facing mature markets have been cheered by the group's aggressive return to the acquisition trail. They say the group's record and prospects also compare well with other media companies in a sector which has been uprated recently.

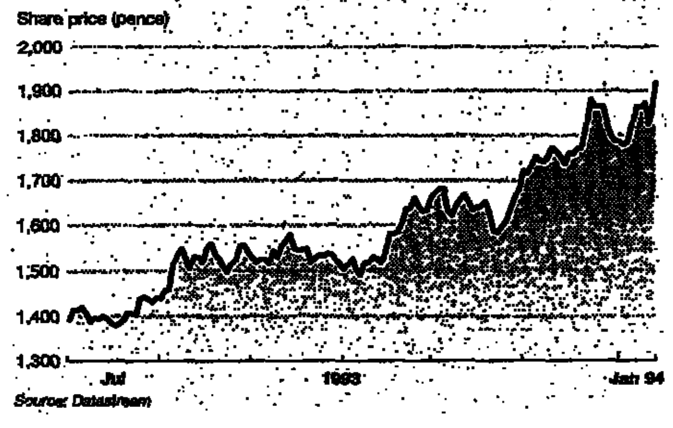
Some Reuters acquisitions – such as last month's $121.5m cash purchase of Teknekron Software Systems, a Californian software supplier and systems integrator – are obvious additions to the core business. Other smaller deals represent a "testing of the water" in emerging areas such as multimedia products.

Mr Rob Rowley, Reuters' finance director, heads a small team which for the past 18 months has been looking at new business opportunities. The brief from Mr Peter Job, Reuters' chief executive, was a rigorous appraisal of which of the group's skills had the most value. Mr Rowley says: "We used to be heavily involved in engineering, designing our own hardware. Increasingly, we buy off the shelf because we can buy things in more cheaply than making them ourselves. We don't want to be in the low-added-value end of the business."

An example of Reuters' more speculative approach is last month's decision to take a $3m minority stake AdValue Media technologies, a private New York company which markets interactive transaction services to advertising agencies, sales representatives and media outlets. It was the first deal struck since the formation of Reuters NewMedia, a US-based subsidiary operating in emerging markets for multimedia products. Mr Rowley says of AdValue: "It is involved in real-time changes in bookings and transactions, an environment we were familiar with."

Reuters has identified television as a potential contributor to its core financial business and as a route into new business areas. The group increased its television interests in 1992 by taking full control of Visnews, the international TV news agency. Last week Reuters announced it would launch a financial TV service for the foreign exchange market around the middle of this year. Traders will have important news events delivered digitally to their trading screens.





Source: Datastream

However – just as in its financial business – Reuters would rather not become over-committed to any particular hardware. Mr Rowley says: "It would be easy to spend £200m on a cable TV company – but on a 10-year view, cable will become a utility. We try to avoid looking into the technological void and instead concentrate on developing good products."

He believes that growing familiarity with personal computers has made them more important than television. "If people become PC-expert at work, they are more likely to use them at home. We aim to exploit these high-value opportunities."

This interest in what products will appeal to prosperous, professional customers helps explain Reuters' recent £13.3m acquisition of VAMP Health, a private UK company which provides computer services to about 2,000 general practitioners. Mr Rowley says: "Computers in UK doctors' surgeries is a somewhat limited market, but we'll learn about an industry before we invest large sums of money in it."

When Reuters announced its share repurchase scheme last year, Mr Job said: "We have absorbed two messages from shareholders: they want us to continue to invest in the business, but they don't want us to invest just for the sake of investing."

Reuters says most of the group's larger acquisitions in the 1980s were relatively successful – such as Instinet, the computerised share trading system, and Rich, the designer of communication systems for trading rooms. But Mr Rowley concedes "we picked up a few scars along the way. We need to be careful of personality." He added: "In the 1980s there was a Reuters culture that we had to own or have effective control – we're much more open-minded now."

Mr Rowley says group capital expenditure was up last year and will grow further, involving both acquisitions and organic growth. "We have lots of ideas, not necessarily multimedia. Our existing markets are still very exciting. One way people stay ahead is by constantly innovating."

Reuters would certainly invest more in Globex, its electronic futures trading system, if and when the wrangling between the participating international futures markets is sorted out. The UK group has also been promising to respond to the challenge from the products of Bloomberg, the US group which has done so well in the fixed-interest market.

However, Mr Rowley has no fears over Reuters' survival in a world which might be dominated by multimedia giants. Recent rumours of Reuters being a target for takeover by Reed-Elsevier were quickly denied by the Anglo-Dutch publishing group.

Mr Rowley merely points out that Reuters' independence is guaranteed by a single "founder's share", created when the company was floated in 1984. A link-up with a newspaper and magazine publishers such as Reed-Elsevier would take Reuters closer to the mass market – not the differentiated, high-value areas which the group is determined to keep in focus. He says: We've no feel of being threatened – we're used to working in an open environment."

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Blockbuster buys stake in Virgin games unit

By Michael Skapinker, Leisure Industries Correspondent

Blockbuster Entertainment, the world's largest video rental company, has bought 19.9 per cent of Virgin Interactive Entertainment, part of Mr Richard Branson's Virgin Group.

The Virgin subsidiary develops games software for the Nintendo and Sega systems, as well as for other manufacturers.

Blockbuster will pay for the VIE stake with shares of an approximate market value of $30m. It has also received options to buy additional shares.

VIE, which has sold more than 13m copies of its products since mid-1990, last year sold a 16.2 per cent stake to Hasbro, the US toy company. It is thought that the Virgin subsidiary will eventually be floated as a separate company in the US.

Virgin, which refused to comment on the eventual flotation, said the Blockbuster deal would ensure its presence in the field of multimedia entertainment. Blockbuster earlier this month announced a $8.4bn merger with Viacom, the US cable television company which is bidding for Paramount Communications.

Virgin said the link with Blockbuster and Viacom would mean that it could deliver games and music videos directly to people's homes. "This is a building block in the multimedia world of the future. With Blockbuster and Viacom merging to create a cable company, we could squirt videos or Phil Collins' greatest hits down the line."

Virgin already has a joint venture with Blockbuster to build music megastores, which also sell games, in Europe, the US and Australia.

German banks to increase Metallgesellschaft funding

By David Waller in Frankfurt

Deutsche Bank and Dresdner Bank, the two biggest banks in Germany, have agreed to *increase their contribution to* the Metallgesellschaft rescue package by a total of DM300m ($177m), it emerged yesterday.

It is understood that foreign banks will be given the chance to scale down their contribution to the rights issue element of the package to only a fraction of the original proposal, a move which served to placate foreign bankers' objections to acquiring new shares in the Frankfurt-based mining, met*als and industrial conglomer*ate.

Metallgesellschaft granted these concessions on Saturday during talks which ended by *securing the DM3.4bn rescue* package.

The bail-out averted the threat of bankruptcy which hung over the group last week, *serving to trigger a sharp rise* in MG's share price yesterday. The shares rose 12.5 per cent to close DM27 up at DM241.

The deal has three elements:

- A DM1.4bn rights issue. MG's core shareholders – a group which include Deutsche and Dresdner, the Emirate of Kuwait, *Daimler-Benz and the* Allianz insurance group – will contribute 62 per cent of these funds.

It was originally proposed that creditor banks subscribe to the remaining 38 per cent in proportion to their credit exposure.

This caused grave problems for foreign banks and it is understood that the German banking community has undertaken to take up 85 per cent of the balance. Bankers said yesterday that this left foreign banks' contribution at 10 per cent of the level first proposed.

- DM700m of fresh credit. *Deutsche and Dresdner are* understood to have agreed to contribute DM100m each to this, thus reversing their original position that they should *not be required to contribute* any further funds after providing DM1.5bn in emergency credits last month.
- Bankers will convert DM1.3bn of bank debt into junior convertible stock. Following Saturday's negotiations, Deutsche and Dresdner *have each contributed an extra* DM50m to this element of the package, leading to an 8 per cent improvement in the terms for other banks.

These securities will be convertible into MG ordinary shares at a price of DM250 as of 1996.

Bankers expressed relief yesterday that the refinancing had been successful. They said the package may remove the need to make provisions against their loans to MG, whereas they would have had to write off up to half their loans if the group had been declared insolvent.

MG said yesterday that Mr Kajo Neukirchen, chief executive, would outline his strategy for the future of the group in February.

Shareholders will vote on the refinancing proposals at a special meeting convened for February 24.

IMI bullish on foreign demand for share issue

By Haig Simonian in Milan

Istituto Mobiliare Italiano, the Italian treasury-controlled financial services group which is due to be privatised this month, believes foreign institutions would like to buy about three times the amount of shares allocated to them.

Soundings by SG Warburg, the UK merchant bank, and IMI, which are together co-ordinating the privatisation, have so far indicated foreign institutions want to buy almost 300m shares.

The offer, to raise up to L2,200bn ($1.29bn), involves selling 200m shares – a third of IMI's capital. About half *will go abroad, some 75m to* Italian private investors and the balance to Italian institutions. Pricing will be revealed on January 29 and the sale *will start two days later.*

The bullish oversubscription forecast, made by a senior official, came on the first day of roadshows to illustrate the deal to international investors.

Mr Mario Draghi, the director general of the treasury, which directly or indirectly holds about 90 per cent of the shares being sold, said the state would dispose of its entire stake within a number of years. Following the privatisation, it will hold about 30 per cent of IMI against just over 60 per cent at present.

Mr Draghi warned that a bigger first tranche would risk *swamping the market ahead of* other privatisations, beginning with Banca Commerciale Italiana on February 28.

However, some analysts believe the caution stems partly from concern to stop Cariplo, the Milan-based savings bank, gaining control of IMI too cheaply. Cariplo already has 8 per cent of IMI and has said it will raise its stake to the 10 per cent limit.

However, that limit is only valid until October 1996, after which it could be abolished provided enough big shareholders agree. In that case, Cariplo, which tried unsuc*cessfully to buy IMI directly* from the treasury last year, might attempt to raise its stake further.

Bank Austria tries to force the pace

Patrick Blum looks at attempts to reform a savings banking sector

The long-awaited reorganisation of Austria's savings banks sector looks set to begin within weeks following growing pressure for action from two of the country's leading financial institutions.

Conflicting interests and fear of change had stalled attempts at reform for the sector, which almost everyone in Austria agrees needs restructuring to reflect developments in the past two decades. During this time the number of savings institutions has declined by half while the number of branches quadrupled.

Mergers have altered the balance of forces within the sector, which is dominated by the city of Vienna's Zentralsparkasse savings bank (now part of Bank Austria since it *merged with the Länderbank* in 1991), the Erste Osterreichische Spar-Casse, the second largest savings bank, and the five biggest provincial savings *banks, with the smaller banks* fighting to preserve their independence.

After years of fruitless discussions and broken deadlines for agreement, *Bank Austria,* the country's largest commercial and savings bank, and the Erste warned this month that either the savings banks agree to Erste's proposals for restructuring the sector, or they will impose their own solution through a reorganisation of GiroCredit, the savings banks' clearing institution, in which they jointly hold more than 52 per cent.

Mr Rene Alfons Haiden, Bank Austria chairman and chief executive, said a decision must be made by the end of February at the latest. The alternatives are:

- Bank Austria sells about two thirds of its 31 per cent stake in GiroCredit to a consortium comprising the Erste, Austria Collegialität Versicherung (a leading insurance company) and the savings banks.
- Erste, which already owns about 21 per cent of GiroCredit, would buy an extra 10 per cent, making it the largest single shareholder. These shares plus all the shares in GiroCredit held by the savings banks would be transferred to a new *holding company which would* own GiroCredit. The holding company would gradually build up stakes in its participating banks.

*Failing agreement, Mr Hai*den said the alternative is for Bank Austria and Erste together to act jointly as majority shareholders in Giro*Credit, forcing changes on its* supervisory and management boards, and a reassessment of its tasks and priorities. "We have some thoughts about a possible future strategy for GiroCredit," said Mr Haiden.

The proposals hang or fall on a reorganisation of the shareholding structure of GiroCredit, which is owned by the savings *banks and was estab*lished in 1937 to manage the funds of its affiliates and serve as a clearing institution for the whole sector.

The problem is that GiroCredit has out-grown its original responsibilities by developing banking activities that increas*ingly compete with those of* other banks, including some of its own shareholders. "GiroCredit has built itself up as a commercial and investment bank and it is a fierce competitor [against] our bank or the Erste. It doesn't make sense," Mr Haiden said.

The reorganisation would help to refocus GiroCredit's banking activities, lead to considerable cost savings among the banks through synergies, and protect savings banks against foreign or domestic predators.

"It would be an important step to keep the savings bank *sector intact, to avoid savings* being sold to banks outside the savings banks sector," says Mr Reinhard Ortner, executive board member at Erste.

In the past, a large number of small and medium-sized savings institutions had small stakes in GiroCredit, which was able to dominate them, but as a result of mergers and consolidation, the seven largest savings banks now account for about 85 per cent of total business turnover for the savings banks.

The large savings banks have no need for an institution like GiroCredit but the small banks need it more than in the past. "GiroCredit should improve and deepen its relations with these savings banks," Mr Haiden said.

Mr Hans Haumer, GiroCredit chairman, hopes the holding company will be approved. "It will end three years of uncertainty, and give a significant impulse to our activities. In the *medium term it will create* synergies in close co-operation with Erste and there will be significant gains in efficiency for the whole sector."

Failure would be a setback for GiroCredit, but he believes a solution will be found. "A foreign bank could be a possibility [as a partner]," he says.

The small savings banks have been lukewarm about the proposals, fearing they will lose more control over GiroCredit and be dominated by Erste. Only a handful bothered to answer a letter outlining *Erste's proposals.*

"The direct influence of small savings banks in GiroCredit is not that strong now. A holding company will give them at least as much influence as they have now," Mr Ortner *said.* But he insisted "the ball is in their court".

Lucas to pay reparations to US forces

By David White, Defence Correspondent

Lucas Industries, the British-based motor and aerospace components group, said it *expects to pay reparations* for supplying allegedly faulty equipment to the US forces.

The company said a settlement was likely to avoid court proceedings over *claims that* a US subsidiary, Lucas AUL, supplied defective missile launching components and military radios that failed to meet specifications.

US prosecutors are expected to seek criminal charges in the missile case, which US federal authorities have been investigating since 1992.

However, Lucas said the US authorities had made clear there was no link between this case *and investigations into* "friendly fire" deaths during the Gulf conflict three years ago.

Renault Agriculture in tie-up with US producers

By John Ridding in Paris

Renault Agriculture, the farm machinery division of the French state-owned motor vehicle group, yesterday announced a series of agree*ments aimed at strengthening* its position in the depressed farm equipment market.

The French group has agreed with John Deere of the US to *exchange tractors and diesel* engines in the French market. It has also concluded an accord with Massey Ferguson, the farm equipment group owned by Varity of the US, to establish a joint design, development and manufacturing subsidiary and a joint purchasing operation.

Under the terms of the agreement with John Deere, the world's largest manufacturer of farm equipment, Renault *Agriculture will receive diesel* engines from the US company's factory in Saran, south of Paris. In return, Renault will supply tractors equipped with John Deere engines to the US group. These will be sold under the John Deere marque.

Renault declined to disclose the volumes concerned, but said the agreement with John *Deere would satisfy a large* proportion of its demand for engines. It said the deal would allow the two companies to operate at their French factories at "a high level of activity".

The agreement with Massey Ferguson involves the creation of a joint subsidiary for development and manufacture in the areas of mechanical engineering, hydraulics and electronics. The subsidiary, to be jointly owned and managed by each of the partners, will be based at Beauvais, north of Paris. It will concentrate on the development and manufac*ture of transmissions.*

The two companies will also establish a common purchasing body.

MOVE EXPECTED TO SET A TREND IN THE ELECTRICITY SECTOR

Eastern first to buy back shares

By Michael Smith in London

Eastern Electricity yesterday became the first regional electricity company to buy back some of its shares since the industry's privatisation three years ago.

It spent about £7.7m buying 1.2m shares – 0.4 per cent of the equity. It said it intended to buy back up to 5 per cent.

The move, announced after the close of trading yesterday, is expected to set a trend in the sector, although some companies will await the outcome of *a regulatory review of power* distribution before following Eastern's lead. Analysts said the move was likely to have a positive effect on shares in the 12 regional power distributors.

An increasing number of companies are seeking shareholders' permission to buy back shares, although few have carried it out. Those with strong cash inflows and net cash, but limited growth opportunities, are among those most likely to do so.

Eastern won approval to buy back up to 13.5m shares at its annual meeting last August. It has about £90m cash, which at the current price of 644p is slightly more than what would *be needed to buy back all* 13.5m.

Mr Eric Anstee, finance director, said the buy-back would have a "mildly positive" effect on earnings per share.

Putting the cash on deposit attracted a rate of 5 per cent, although tax reduced this to 3 per cent. The yield on the shares was close to 4 per cent. The company also wanted to give a signal to its 400,000 shareholders that the shares represented good value, he said.

Many shareholders in the regional companies are thought to be considering sales after receiving one bonus share for every 10 they hold to *reward them for loyalty since* flotation. Bonus certificates are being sent out this week.

Mr Nick Pink, analyst at S.G. Warburg Securities, said he expected other regional companies to follow Eastern's lead. "The stock market is very wary of them using surplus cash to diversify. It makes more sense for them to buy back shares."

Eastern is one of only two of the regional electricity companies which have shareholder authority to buy back shares, the other being Swalec, serving south Wales.

Others are expected to seek approval shortly. Virtually all have said they will consider *restructuring their balance* sheets after the end of this financial year.

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.10	18.17	18.17
0100	23.60	20.83	22.48
0130	23.60	22.04	23.68
0200	23.60	22.04	23.68
0230	23.60	22.04	23.68
0300	23.60	22.04	23.68
0330	23.60	22.04	23.68
0400	23.60	18.07	18.07
0430	23.60	18.04	18.04
0500	19.11	18.03	18.03
0530	22.97	20.75	22.40
0600	23.19	20.40	22.05
0630	23.19	18.17	19.17
0700	23.19	23.23	24.97
0730	23.20	23.06	24.71
0800	24.12	23.23	24.97
0830	23.36	23.29	24.93
0900	24.12	25.22	26.87
0930	24.12	34.08	35.72
1000	24.12	34.08	35.73
1030	24.12	34.08	35.72
1100	24.12	34.08	35.72
1130	24.12	26.49	28.14
1200	24.13	25.22	26.97
1230	24.13	25.22	26.87
1300	24.12	25.22	26.87
1330	24.11	25.22	26.87
1400	24.11	24.00	25.65
1430	23.32	24.00	25.65
1500	24.11	24.00	25.65
1530	24.11	24.00	25.65
1600	30.87	24.05	25.72
1630	39.94	27.89	29.89
1700	53.68	41.04	43.40
1730	59.39	41.62	44.03
1800	53.59	40.72	42.98
1830	35.21	30.45	32.31
1900	30.40	26.97	28.67
1930	26.34	26.37	28.03
2000	25.65	25.23	26.88
2030	23.33	24.66	26.31
2100	23.20	23.32	24.97
2130	23.19	23.29	24.93
2200	23.19	23.29	24.93
2230	23.19	23.29	24.93
2300	23.19	23.29	24.93
2330	18.10	18.07	18.07
2400	18.09	18.05	18.05

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.80/MWh becomes 1.880p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-458789 between 8.30am and 5.15pm Monday to Friday.

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Hewlett-Packard to launch new desk-top range

By Louise Kehoe in San Francisco

Hewlett-Packard, which last year overtook Digital Equipment to become the second-largest US computer company behind IBM, will today launch two product lines to expand in the corporate computing market.

HP will announce an enterprise desktop computer combining the high performance of a scientific workstation with the lower cost and software standards of personal computers. The company will introduce a line of network servers, priced to compete with PC servers but offering performance that competes with mini-computers.

The new computers, based on a low-cost version of HP's PA-Risc microprocessor chip, are aggressively priced. The desktop machines, which start at $3,995, will compete with high-end PCs. The new HP servers, which range in price from $7,569 to $14,919, outperform PC servers while undercutting the price of mini-computers, such as the IBM AS/400.

HP's new computers are aimed at companies adopting the client server networked computing model.

"These are the machines needed by companies that are re-engineering their businesses," says Mr Willem Roelants, general manager of HP's computer systems operations. "The fundamental idea of re-engineering is to give employees tools so that one person can complete a job, such as a customer transaction, without having to pass it on to several different people in different departments."

Sales of enterprise workstations are rising sharply according to a market report issued last week by Frost and Sullivan, the US market research group. World sales were expected to reach $25bn per year by 1999, the researchers predicted.

HP's challenge in the enterprise workstation market is to displace high-end PCs. To do so, it will offer software compatibility with programs designed for the Microsoft Windows environment as well as UNIX applications. HP will introduce multi-media programs for video and voice applications.

HP has designed its new desktop and server computers so that they can run Microsoft's new Windows NT operating system.

Lotus Development, Applix and Clarity have developed programs for the new HP desktop machines.

The new HP desktop computers will run standard PC programs and UNIX application programs.

Polish broadcasters bid for TV contract

By Christopher Bobinski in Warsaw

Local private broadcasters have strengthened their chances of winning Poland's first national commercial television licence after three days of public hearings which ended yesterday.

The companies are competing in Warsaw for the 10-year licence against multinationals such as the Bertelsmann group of Germany, Compagnie Luxembourgeoise de Telediffusion (CLT) and Time Warner of the US, which have put in bids with local partners.

The tone of the local applications contrasted with the bid from Bertelsmann, which has offered to invest $200m and makes little secret of the fact that it intends to control the venture.

Time Warner, Capital Cities-ABC and CNN, which are making a joint bid, have taken a cautious approach with an overall initial investment worth $12m in their project valued at $50m. The group estimates that the project requires the construction of transmission equipment by Nexus, a UK company, worth $37m.

By Polish law, foreign shareholdings in broadcast companies are limited to 33 per cent. The hearings saw Polsat, a 100 per cent locally owned station which is already broadcasting into Poland via satellite from Hilversum in Holland, arguing that the new channel should stay in Polish hands.

The argument was echoed by Antena Polska, another applicant, which is controlled by ZPR, a privatised entertainment group which owns Superexpress, a profitable Warsaw daily, as well as a local radio station and several gambling establishments.

The two groups which could merge to strengthen their bid, contend that the financing of around $70m needed for the channel can be raised on local capital markets while management expertise and programming can be brought in from abroad.

The arguments appeared to be favourably received by the Radio and TV Council, a broadcast media regulatory body established under laws passed last year which removed the state's monopoly over the airwaves. A decision on the licence is due next month.

Bank of Montreal plans US expansion

By Robert Gibbens in Montreal and Bernard Simon in Toronto

Bank of Montreal, one of Canada's top three chartered banks, plans to expand aggressively in the US through its 100 per cent-owned Harris Bankcorp.

Mr Matthew Barrett, chairman, told the bank's annual meeting that Harris, based in Chicago, is now worth US$2bn, nearly four times the acquisition price in 1984. Harris will be the backbone of the US expansion.

He added that Harris, at the centre of the US Midwest, will expand into new territory. "We'll invest a further US$1bn in it over the next decade. It will triple its network and its market share."

Harris and the bank's Canadian securities subsidiary Nesbit Thomson together will form a continental investment bank.

He said BMO would also strengthen its presence in Mexico and rapidly expand its seven-branch network in south-east Asia.

"Last year we earned half our net profits of C$709m (US$533m), or C$2.59 a share, outside Canada," said Mr Barrett. "In a decade we expect to earn half our profit in the US alone."

The Canadian bank is raising its quarterly dividend, reflecting its own strong performance and the favourable outlook for Canada's big six banks. BMO said its dividend would climb to 30 cents a share from 28 cents. Earlier, Bank of Nova Scotia lifted its quarterly payout from 29 to 30 cents. Bank shares have climbed steeply on the Toronto stock exchange in recent months in anticipation of stronger lending volumes and declining loan losses.

Shares of Bank of Nova Scotia were trading at C$32.38 yesterday, up from last year's low of C$21.88

BMO has posted record earnings for the past four years in a row. Mr Barrett told the annual meeting that it aims to be the first bank providing a full range of services across both the US and Canada.

Mr Barrett warned that unless Canadian banks were willing to compete head-on with US banks south of the border, they should resign themselves to being regional banks, "and perhaps not even independent regional banks".

Correction

Lauffenmühle

The Financial Times reported on December 21 that the German textiles manufacturer Lauffenmühle had gone into receivership. The company came out of receivership in July 1993 and is now trading normally.

Battle hots up for Brazil's telecom market

Patrick McCurry reports on AT&T's attempt to break into the supply monopoly

AT&T, the US telecommunications group, is attempting to fight its way into Brazil's traditionally protectionist equipment supply market but it is meeting fierce opposition from the local operations of its rivals NEC, Ericsson and Siemens.

They maintain that AT&T's move is a "predatory invasion" and are putting up stiff resistance to the US group's entry.

The struggle is regarded as a microcosm of the debate on breaking the country's telecommunications monopoly. The case has provoked controversy, partly because under past military regimes telecommunications was one of Brazil's most sensitive areas and the government insisted on protecting locally based technology.

The dispute centres on a contract for 55 switching centres, capable of providing 720,000 new telephone lines, offered for tender by Telebrás, the state-controlled telecom company, last November.

A surprise last-minute bid from AT&T Network Systems do Brasil, a joint venture between AT&T and a local company, sparked official complaints and legal action from NEC do Brasil, Ericsson Telecomunicaçoes and Equitel, a Siemens-linked company, prompting President Itamar Franco to suspend the tender. AT&T's bid is thought to be substantially lower than the three locally based companies.

Brazil's telecom equipment market is worth about $2bn a year but, with a backlog of 10m lines due to under investment by Telebrás, it could reach $5bn-$7bn by the end of the decade.

"This is just too big a market for us to give up. They might succeed in blocking us temporarily but we're not going away," says Mr Antonio Carlos Gil, president of AT&T Networks Systems do Brasil.

According to Mr Sergio Goldman, research director at brokerage house Baring Securities Brasil, Telebrás spends $3,000 in capital investment for each line installed, compared with $2,000 in Mexico and $1,000 in Chile. At least some of that difference is due to higher equipment costs, he says.

"Increasing competition in equipment supply will lower costs but some of the companies are unwilling to accept this competition and unfortunately they are influencing the government," says Mr Goldman.

Telebrás's estimated capital spending of $3.2bn last year is regarded as half of what needs to be spent if demand is to be met and Brazil's very low ratio of 7.4 phone lines per 100 inhabitants, less than Mexico and Argentina, significantly expanded.

Locally based companies argue that they invested in Brazilian production in return for a protected market. This system was abolished by former President Fernando Collor in 1990, and they now find themselves threatened by cheaper imports.

Mr Verner Dittmer, president of Equitel, accepts that Brazil cannot ignore the world trend towards opening markets: "I'm in favour of competition but the opening must be gradual.

Brazilian president Itamar Franco suspended AT&T's tender

Even in the US there is protection for local industry against predatory invasion."

Mr Gilberto Garbi, president of NEC do Brasil, says other foreign companies, such as Alcatel of France, have entered the market since the abolition of the market reserve but have done so by establishing a local manufacturing base. "The problem with AT&T is the way it wants to come in, just importing and not contributing to local jobs," he says.

The local companies have threatened to shut down their Brazilian plants and import if AT&T gets the contract.

Mr Gil of AT&T Network Systems says the company intends to assemble imported components at its plant in the free-trade zone of Manaus and later manufacture electronic boards there. But he stresses that production will take place "where it is best for our business plan".

In a move apparently supporting the locally based companies and critical of Telebrás, President Franco suspended the bid indefinitely on December 8, calling for a full investigation of AT&T's Network Systems' bid paperwork. He said the tender would be cancelled if any irregularity were discovered by the Telebrás inquiry.

Shortly afterwards the government issued ordinances offering substantial tax incentives for locally made telecom equipment.

For switching centres, local content must be 85 per cent in 1994 to qualify for the fiscal benefits, while AT&T's equipment is initially expected to contain 35 per cent local content. The industry and commerce minister defended the measures, arguing that locally based companies needed more time to adapt to international competition.

Mr Gil says AT&T Network Systems is studying "a number of options" in response to the measures, including speeding up its investment plans and possibly moving its production from Manaus to Curitiba in the south east of Brazil.

The new measures will not affect the current contract unless the bid is cancelled and re-tendered, but Mr Garbi of NEC believes it is "99 per cent likely" that the government will cancel the bid and hold it again under the new rules.

Even if AT&T loses this battle, in the longer term the market seems likely to be opened.

Finance minister Mr Fernando Henrique Cardoso's proposals to amend the constitution and allow some kind of privatisation of Telebrás's local service monopoly to be discussed in the pending constitutional review point to more competition.

According to Mr Goldman, the current Telebrás row provided another good reason for privatisation "because a privatised company would not have the same political pressures and would buy from whoever it wanted".

British banks criticise Basle proposals

By John Gapper, Banking Editor

British banks have become the latest group to criticise proposals from international supervisors to make them set aside extra capital to cover risks in foreign exchange, securities and derivatives trading.

The British Bankers' Association has told the Basle-based committee of international bank supervisors that its proposals are too conservative and will reduce banks' motivation to develop sophisticated risk management.

It describes as "deeply disappointing" and "frankly puzzling" the fact that the proposals do not reward banks which have better monitoring systems with reduced capital charges.

It also criticises the level of capital which the Basle supervisors propose should be set aside to cover equity and equity derivatives positions, and says the proposals may put banks at a competitive disadvantage to securities firms.

The response follows a critical report from the Institute of International Finance, representing 175 international banks, which said that the proposals could undermine the clarity of capital rules covering credit risks.

EU banks, which will have to comply with both the EU capital adequacy directive and Basle rules, will find the regulatory regime "a bit messy" unless the two are harmonised, said the association.

It is also critical of the Basle proposal for banks to make an 8 per cent capital charge for equity positions unless they are liquid and well-diversified, when the capital charge falls to 2 per cent. It says these charges – double those under the EU directive – are too conservative. A 2 per cent charge on index futures and options arbitraged against a matched cash position is described as "certainly not justified".

The association criticises the Basle approach of adding a capital charge for market risk to that of a counterparty credit exposure, arguing that a market movement cannot simultaneously increase both types of risk.

It says there is a danger that trading business will be driven to competitors "by a regime that imposes onerous costs on the banking industry".

Allied-Signal in car seat belt deal

Allied-Signal of the US has signed an agreement to acquire the seat belt business of Gilardini, an Italian automotive supplier that is majority-owned by Fiat, agencies report from Southfield, Michigan.

Terms of the agreement, expected to be made final on January 31, were not disclosed.

Allied-Signal said the unit has sales of about $34m.

The US group, which also serves the aerospace sector, said it had signed agreements to supply Fiat with air bags, seat belts and pre-tensioners, devices that limit forward movement in a crash.

Allied-Signal also signed a three-way venture with Sequa's Atlantic Research and Gilardini's BPD Defensa e Spazio of Italy to supply advanced air bag inflators to European manufacturers.

The venture will be based in Colleferro, Italy, and initially will supply Fiat in Italy and Opel in Germany.

Each company owns one third of the venture. It is scheduled to begin pilot production in late 1994 and will be able to produce more than 2m inflators annually.

Coopers & Lybrand US chief to retire

Mr Eugene Freedman is to retire as chairman of Coopers & Lybrand's US firm on September 30, and as chairman of the international executive committee and board of directors in late October, AP-DJ reports.

The firm requires that partners retire from the firm at the end of the fiscal year in which they turn 62.

THE RTZ DAVID WATT MEMORIAL PRIZE

This prize is a tribute to a man widely regarded as one of the UK's outstanding writers, thinkers and political commentators.

It was introduced in 1988, following the tragic and untimely death of David Watt, to commemorate his life and work.

To be eligible, entries must have been published during 1993 in English language newspapers or journals and must, in the opinion of the judging panel, have made an outstanding contribution towards the greater understanding and promotion of national or international political issues.

The 1994 Memorial Prize, which is £5,000, is organised, funded and administered by RTZ to whom entries should be sent.

Full details are available from The Administrator, The RTZ David Watt Memorial Prize, The RTZ Corporation PLC, 6 St. James's Square, London SW1Y 4LD.

Closing date for entries is 31st March 1994.

MERRILL LYNCH M&A. GLOBAL

Abbey Healthcare Group Incorporated
acquired
Total Pharmaceutical Care, Inc.
$184,000,000

Agnico-Eagle Mines Limited
acquired
the remaining 46.3% not already owned of
Goldex Mines Limited
$30,500,000

Agricultural Minerals and Chemicals Inc.
merged with
BMC Holdings Inc.
and completed a subsequent recapitalization
Value not disclosed

Air Partners, L.P.
and Air Canada
acquired a 57.4% primary equity interest
(74.0% fully diluted) in Continental Airlines, Inc.
upon its completion of reorganization under
Chapter 11 of the U.S. Bankruptcy Code
$6,630,800,000

Alleghany Corporation
acquired
Underwriters Reinsurance Company
$286,000,000

Alza Corporation
contributed $250,000,000 to its
subsidiary, Therapeutic Discovery Corporation (TDC).
TDC was subsequently distributed to
Alza shareholders by means of
a special dividend

Arkla, Inc.
sold Louisiana Intrastate Gas Company
to a subsidiary of Equitable Resources, Inc.
$191,000,000

Arkla, Inc.
agreed to sell its
Natural Gas Pipeline System in Kansas to
UtiliCorp United
$25,000,000

Arkla, Inc.
exchanged its
Minnegasco South Dakota Service Area for the
Midwest Gas Service Area in Coon Rapids, Michigan
of Midwest Resources Inc.
$38,000,000

Arkla, Inc.
sold its Minnegasco Nebraska Natural Gas
Distribution System to a subsidiary of
UtiliCorp United
$78,000,000

Avnet, Inc.
acquired
Hall-Mark Electronics Corporation
$485,000,000

Bank of Boston Corporation
acquired
Multibank Financial Corp.
$262,138,000

Bank of Boston Corporation
acquired
Society for Savings Bancorp, Inc.
$239,944,000

The Bank of New York Company, Inc.
acquired
National Community Banks, Inc.
$651,800,000

Bank of the West
(subsidiary of Banque Nationale de Paris Group)
agreed to acquire
15 California branches of Citibank, FSB
Value not disclosed

Bank South Corporation
acquired
Barnett Banks of Atlanta and
Barnett Banks of Fayette County from
Barnett Banks, Inc.
$125,000,000

Bank South Corporation
sold
Citizens and Peoples National Bank of Pensacola to
Barnett Banks, Inc.
$70,000,000

BankWorcester Corporation
agreed to be acquired by
Bank of Boston Corporation
$247,000,000

Banque Bruxelles Lambert S.A.
entered into a bancassurance accord with
Royale Belge S.A. and Winterthur S.A.
Value not disclosed

BCP Branded Consumer Products AB
received an indication from AB Volvo that it
intends to acquire the outstanding 26.3% of BCP
it does not already own
$580,000,000

Bergen Brunswig Corporation
sold its Durr-Fillauer Orthopedic Division
to the Fillauer Group
Value not disclosed

Berk-Tek, Inc.
acquired by
Alcatel NA Cable Systems, Inc.
Value not disclosed

Blockbuster Entertainment Corporation
acquired a 35% stake in
Republic Pictures Corporation
$25,000,000

Blockbuster Entertainment Corporation
acquired a majority interest in
Spelling Entertainment Group Inc.
$297,700,000

Care Enterprises, Inc.
agreed to merge with
Regency Health Services, Inc.
$161,000,000

Chemical Banking Corporation
acquired from the FDIC
five former bank subsidiaries of
First City Bancorporation of Texas, Inc.
$593,000,000

The Cincinnati Gas & Electric Company
and PSI Resources, Inc.
agreed to merge
with newly formed CINergy Corp.
$7,400,000,000

Citizens Financial Group, Inc.
(subsidiary of The Royal Bank of Scotland plc)
acquired
Boston Five Bancorp, Inc.
$95,000,000

Columbia Healthcare Corporation
agreed to acquire
HCA-Hospital Corporation of America
$7,909,800,000

Commercial Federal Corporation
successfully negotiated a
settlement with a dissident shareholder
group for withdrawal of certain
shareholder proposals

The Continental Corporation
sold the provincial business of
Lombard Continental Insurance plc
through a management buyout
Value not disclosed

Cooper Industries Inc.
agreed to sell its
Cameron Forged Products Division to
Wyman-Gordon Company
$92,500,000

CoreStates Financial Corp
agreed to acquire
Constellation Bancorp
$320,000,000

CORTEC Group, Inc.
sold
LePage's, Inc. to
The Jordan Company
Value not disclosed

Costar Corporation
acquired by
Corning Incorporated
$180,000,000

Cragin Financial Corp.
agreed to be acquired by
ABN AMRO North America, Inc.
(subsidiary of ABN AMRO Holding N.V.)
$550,000,000

Del Monte Corporation
sold its
Container Manufacturing Business to
Silgan Containers Corporation
$72,800,000

Desjardins Trustco Inc.
acquired by
La Société Financière des Caisses Desjardins Inc.
$7,940,000

The Dime Savings Bank of New York, FSB
completed a recapitalization plan, which included
a $200,000,000 rights offering of common stock,
the issuance of $100,000,000 of preferred stock
and the sale of the branches of
The Dime Savings Bank of New Jersey to
First Fidelity Bancorporation
$12,000,000

Dresser Industries, Inc. and
Ingersoll-Rand Company
agreed to acquire 24% of
Nuovo Pignone S.p.A. from
Ente Nazionale Idrocarburi S.p.A.
$146,000,000

Duke Energy Corp.
Entergy Corp. and other members of a Consortium
acquired a 65% interest in
Compañía de Transporte de Energía Eléctrica en
Alta Tensión (TRANSENER) from
The Republic of Argentina
$260,000,000

Elm Financial Services, Inc.
acquired by
St. Paul Bancorp Inc.
$51,800,000

Enron Liquids Pipeline Company
acquired the
Cora Terminal and related assets from
Cora Dock Corporation
Value not disclosed

Federal Express Corporation
sold
Tiger Trucking Subsidiary, Inc.
(parent company of Warren Transport, Inc.)
to Anderson Trucking Service, Inc.
Value not disclosed

Federal-Mogul Corporation
acquired the assets of
Sealed Power Replacement
(subsidiary of SPX Corporation)
$150,000,000

First Bank System, Inc.
acquired
Colorado National Bankshares, Inc.
$612,778,000

Fleet Financial Group, Inc.
repurchased two classes of
Depository Shares each representing
Perpetual Preferred Stock
$104,100,000

Friends Provident Life Office
acquired
NM UK Limited
$172,000,000

Friends Provident Life Office
agreed to acquire
NM Life Assurance Ireland Limited
$16,000,000

General Felt Industries, Inc.
acquired by
Foamex L.P.
pursuant to a merger
$95,800,000

Genesis Health Ventures, Inc.
acquired
Meridian Healthcare, Inc.
$205,000,000

Glaxo Holdings p.l.c.
formed a joint venture with
Warner-Lambert Company
Value not disclosed

Government Guarantee Fund, Republic of Finland
provided governmental assistance in
the restructuring and acquisition of STS-Bank Ltd. by
Kansallis-Osake-Pankki
Value not disclosed

Government Guarantee Fund, Republic of Finland
restructured the Savings Bank of Finland and
transferred substantially all the performing assets
and liabilities to Kansallis-Osake-Pankki,
OKOBANK Group, Union Bank of Finland Ltd.
and Postipankki Ltd.
$970,000,000

W.R. Grace & Co.
sold
Grace Drilling Company to
Nabors Industries, Inc.
$32,000,000

W.R. Grace & Co.
sold
Grace Petroleum Corporation
to an undisclosed buyer
$125,000,000

W.R. Grace & Co.
sold the East Texas Operations
of Grace Petroleum Corporation to
Sonat Inc.
$38,000,000

GTE Corporation
sold GTE Valenite Corporation to
Cincinnati Milacron Inc.
$80,000,000

GTE Corporation
sold the Telecommunications Assets
of Control Devices Incorporated to
Siecor Corporation
Value not disclosed

GTE Corporation
sold the North American component
of its EPG Lighting Business to Siemens Corporation
and the remaining components of its global
EPG Lighting Business to an entity organized by
Citicorp Venture Capital Limited
$1,100,000,000

Guess?, Inc.
repurchased a 40% stake from
Georges Marciano
$200,000,000

RESOURCES THAT MAKE A DIFFERENCE.

Hanson Industries
(subsidiary of Hanson plc)
sold
Axelson, Inc. to
Wheatley TXT Corp.
$82,700,000

Harbour Group Industries, Inc.
sold KB Alloys, Inc. to
Code, Hennessy & Simmons
Value not disclosed

Hecla Mining Company
agreed to acquire
Equinox Resources Limited
$57,000,000

G. Heileman Brewing Co., Inc.
agreed to be acquired by
Hicks, Muse & Co.
$390,000,000

HMO America, Inc.
acquired by
United HealthCare Corporation
$428,000,000

Holdings of 1992 (UK) Limited
sold Economic Insurance Company Limited
through a management buyout led by
Candover Investment Partners Limited
Value not disclosed

INDRESCO Inc.
sold a 31% stake (with option up to 50%)
in Komatsu Dresser Company to
Komatsu Ltd.
Value not disclosed

Institutional Financing Services, Inc.
agreed to be acquired by
Tyler Corporation
$53,000,000

Intelligent Electronics, Inc.
sold
BizMart, Inc. to OfficeMax, Inc.
(a unit of Kmart Corporation)
$270,000,000

Kaufman and Broad Home Corporation
offered to purchase any and all of its
Special Common Stock
$126,000,000

Kmart Corporation
agreed to sell
Pay Less Drug Stores Northwest, Inc. to
TCH Corporation and Thrifty Holdings, Inc.
$1,000,000,000

MacAndrews & Forbes Holdings Inc.
acquired through its subsidiary
New Marvel Holdings Inc.
10 million shares of common stock of
Marvel Entertainment Group, Inc.
$300,000,000

Madison Dearborn Partners, L.P.
acquired the
Buckeye Cellulose Cotton Linter Pulp Business
and a 50% joint venture interest in the
Foley Wood Pulp Mill from
The Procter & Gamble Cellulose Company
Value not disclosed

MCI Communications Corporation
agreed to sell a 20% stake to
BT Plc
$4,300,000,000

Medical Marketing Group, Inc.
agreed to be acquired by
Medco Containment Services, Inc.
$157,000,000

Meer Corporation
acquired by
International Frutarom Corporation
Value not disclosed

Merrill Lynch Capital Partners, Inc.
merged White Swan Holdings, Inc.
with US Foodservice, Inc. (formerly Unifax, Inc.)
Value not disclosed

Merrill Lynch Capital Partners, Inc.
acquired
PaineWebber Mortgage Finance Inc. from
PaineWebber Group Inc.
Value not disclosed

Merrill Lynch Capital Partners, Inc.
agreed to acquire
P. C. Accessories, Inc.
Value not disclosed

Merrill Lynch Capital Partners, Inc.
through Wherehouse Entertainment, Inc.
acquired
The Record Shop, Inc.
and agreed to acquire
Pegasus Music and Video, Inc.
Value not disclosed

Merrill Lynch Interfunding Inc.
sold its interest in
Cal Dive International Inc.
to management
Value not disclosed

Merrill Lynch Interfunding Inc.
sold its interest in
Charlestown Holdings, Inc.
Value not disclosed

Milburn Investments, Inc.
acquired by
Continental Homes Holding Corp.
Value not disclosed

NEXTEL Communications, Inc.
agreed to acquire the
800 MHz Specialized Radio Mobile licenses
and ancillary assets in 21 states
and the District of Columbia from
Motorola, Inc.
$1,633,000,000

NEXTEL Communications, Inc.
acquired
Dispatch Communications, Inc.
$541,800,000

Occidental Petroleum Corporation
sold Island Creek Coal, Inc.
to CONSOL Energy Inc.
Value not disclosed

Office Depot, Inc.
acquired
Eastman Office Products Corporation from
McCown De Leeuw & Co.
$250,000,000

One Valley Bancorp of West Virginia, Inc.
agreed to acquire
Mountaineer Bankshares of West Virginia, Inc.
$130,000,000

Oregon Steel Mills, Inc.
acquired substantially all the assets of
CF&I Steel Corporation and certain of its
subsidiaries pursuant to a plan of reorganization
Value not disclosed

Österreichische Industrieholding AG
sold
A.S.A. Abfall Service Holding AG
to TIRU GmbH
(subsidiary of Electricité de France)
Value not disclosed

Petrofina S.A.
sold its interest in
Haffina Reinsurance Private Limited to
Hafnia Reassurance A/s
Value not disclosed

Pilliod Holding Company
agreed to be acquired by
LADD Furniture, Inc.
$54,000,000

Pioneer Fed BanCorp, Inc.
acquired by
First Hawaiian, Inc.
$92,600,000

Plum Creek Timber Company, L.P.
repurchased 1.25 million
Deferred Participation Interests from
affiliates of SPO Partners & Co.
$61,875,000

Potomac Electric Power Company
agreed to acquire Columbia LNG Corp. from
Columbia Gas System Inc.
Value not disclosed

Preferred Health Care Ltd.
acquired by
Value Health, Inc.
$418,000,000

The Prudential-Bache Energy Income Funds
acquired by
Parker & Parsley Petroleum Company
$508,000,000

Puget Sound Bancorp
acquired by
KeyCorp
$807,200,000

Rhône-Poulenc S.A.
sold Ceramiques & Composites
to a management group
Value not disclosed

Roosevelt Financial Group, Inc.
agreed to acquire
Farm & Home Financial Corporation
$258,000,000

The Rothenberger Group
expanded the shareholder base of
Austria Haustechnik AG
to include CVC Venture Capital
Value not disclosed

Royal Trustco Limited
sold
Pacific First Financial Corporation to
Washington Mutual Savings Bank
$663,000,000

San Marcos Telephone Company, Incorporated
and SM Telecorp, Inc.
acquired by
Century Telephone Enterprises, Inc.
$119,400,000

Societé D'Études et Installations Industrielles CNUD S.A.
agreed to be acquired by
B.M.T. Group
Value not disclosed

Sorin Biomedical Inc.
(affiliate of SNIA BPD SpA, a FIAT Group Company)
sold Tracheostomy Products, Inc. to
Mallinckrodt Medical, Inc.
(subsidiary of IMCERA Group Inc.)
$85,000,000

Standard Federal Bank
acquired
Heritage Bankcorp., Inc.
$110,700,000

The Sterling Group, Inc.
agreed to acquire
G-P Envelope Holdings, Inc.
(a wholly owned subsidiary of
Georgia-Pacific Corporation)
Value not disclosed

Tenneco Inc.
sold
Viking Gas Transmission Company and
Minnesota Intrastate Transmission System to
Northern States Power Company
$45,000,000

Terra Industries Inc.
acquired the assets and
business of Asgrow Florida Company
(subsidiary of The Upjohn Company)
$31,000,000

Tetra Laval
sold Bran & Luebbe
to a consortium led by
CWB Capital Partners Limited
$128,000,000

The Thermo Companies
sold a participating interest in the
Fort Lupton Cogeneration Plant to
CSW Energy, Inc. (subsidiary of
Central and SouthWest Corporation)
Value not disclosed

Tower Corporation Holdings
acquired
Friends' Provident Life Assurance Company Limited
(subsidiary of Eureko B.V.)
Value not disclosed

TransAlta Energy Corporation,
Duke Energy Corp.
and other members of a Consortium
acquired a 59% interest in
Hidroelectrica Piedra del Aguila S.A. from
The Republic of Argentina
$520,000,000

Transco Energy Company
sold
Transco Energy Ventures Company to
National Power PLC
$160,000,000

The Travelers Corporation
merged with
Primerica Corporation
$4,064,000,000

The Travelers Corporation
sold
The Massachusetts Company Inc.
to PNC Bank Corp.
$55,700,000

Treuhandanstalt
sold
Maschinenbau-und Technikhandel
AG Berlin (MBH) to a group led by Cordes & Graefe
Value not disclosed

Universal Corporation
acquired
Nyidofer Tobacco Processing Company
from the Republic of Hungary-State Property Agency
Value not disclosed

WMX Technologies, Inc.
restructured through the
combination of certain businesses of
Wheelabrator Technologies Inc. and
Chemical Waste Management, Inc. and the merger of
The Brand Companies, Inc. to form a new company,
Rust International Inc.
$1,850,000,000

WellPoint Health Networks Inc.
agreed to acquire
UniCARE Financial Corp.
$157,800,000

J.H. Williams Industrial Products, Inc.
acquired by
Snap-on Tools Corporation
Value not disclosed

The difference is Merrill Lynch.

Merrill Lynch
A tradition of trust.

Sunkyong seeks control of Korean Mobile Telecom

By John Burton in Seoul

Sunkyong, South Korea's fifth-largest conglomerate, is to drop out of a proposed consortium to operate the country's second cellular telephone network and hopes instead to become the main shareholder in Korean Mobile Telecom (KMT).

Forty-four per cent of KMT, the only existing cellular telephone operator, will be sold by auction next week by Korean Telecom, the state-supported telecommunications agency, as part of a privatisation programme.

Sunkyong won the licence to operate the second mobile telephone project in 1992, but was forced to give it up after allegations of nepotism under the previous government of President Roh Tae-woo.

Allegations of official favouritism have continued; last December the government appointed the Federation of Korean Industries, the country's main business organisation whose head is Sunkyong chairman, Mr Chey Jong-hyon, to form a consortium for the new mobile telecom network by the end of February.

Mr Chey said Sunkyong was abandoning the second mobile telecom project to remove suspicions about the biased selection of its partners.

Analysts estimate that Sunkyong will have to spend Won300bn ($369m) to gain a controlling stake in KMT, which is one of the favourite Korean stocks among foreign investors. It has been trading with a premium as high as 95 per cent among foreign investors on the over-the-counter market after its 10 per cent foreign shareholding limit was filled in 1992.

The high premium reflects the growth potential for the cellular telephone market in Korea, which has seen an annual doubling in subscribers during the last few years.

Sunkyong's decision to bid for KMT will affect the strategy of other Korean companies wanting to enter the mobile telephone market. Pohang Iron and Steel, the country's leading steelmaker, and Kolon, a textile group, were also expected to bid for control of KMT.

But analysts believe the departure of Sunkyong from the second mobile telecom project will persuade them to take over that network instead, and avoid a costly bidding war for KMT. Both companies competed against Sunkyong for the second cellular network contract in 1992.

KMT is the second state-owned telecommunications company to be privatised recently. In November Korea Telecom sold its controlling interest in Dacom, its only competitor in international telecommunications services, to the Tongyang group.

Investcorp posts profits up 7%

By John Gapper, Banking Editor

Investcorp, the Bahrain-based international merchant bank, which last year took over Gucci, the luxury goods company, yesterday announced a 7.3 per cent increase in full-year post-tax profits to $67.3m, after making six acquisitions during 1993.

Investcorp was established 11 years ago by 335 founding shareholders from Arab countries. It was intended as a vehicle to channel private wealth from the region into established businesses in developed countries.

The bank continued its tradition of making an annual cash dividend payment of £15m to shareholders. This has been held constant since its foundation at 15 per cent of the $100m capital paid in by founding shareholders.

Among the bank's deals in the US during the year were the acquisition of Camelot Music, for which it is thought to have paid more than $350m, and Circle K, the fourth-largest chain of convenience stores.

In Europe, it arranged the acquisition of Thorn Lighting from Thorn EMI for £162m ($239.8m). It also paid $170m to raise its stake and those of its clients in Gucci from 50 per cent to complete ownership.

Mr Elia Hallack, co-chief operating officer, said that the bank's capital investment activities had an exceptional year because two of six large deals had been started in 1992. But he believed there was strong potential this year.

He said that trading activities had been "disappointing". However, the bank intended to continue developing them.

Rubbermaid in Asia Pacific venture

By Paul Abrahams in Tokyo

Rubbermaid, the Ohio-based plastic and rubber consumer products group, yesterday signed a joint venture agreement with Richell, a privately-owned Toyama-based company and one of Japan's leading manufacturers of household products.

Richell will put its home and leisure products division, with a $60m turover, into the venture, leaving the parent to run a garden business. Rubbermaid will initially hold 40 per cent, with the option of lifting its stake to 51 per cent by the year-end. Mr Lawrence Blackburn, vice-president of the international household products division, said such a move was highly likely.

Rubbermaid's acquisition is part of a strategy to increase overseas sales from its present 15 per cent of turnover to 25 per cent by the end of the decade. As part of this strategy, the company formed a joint venture in 1990 with DSM of the Netherlands, and Mr Blackburn said it was looking to expand in the Pacific rim and Latin America.

Chrysler boosts jeep production in Beijing

By Our Beijing Staff

Beijing Jeep, Chrysler's Chinese joint venture, plans to more than double production to an annual 200,000 Jeeps by early next century.

Present production of the Jeep Cherokee off-road vehicle and military-style Jeep is about 80,000 units annually. The Sino-US venture will spend Yn2.1bn ($241m) over the next five years to upgrade Beijing's plant to meet international competition.

Chrysler owns 42 per cent of the Beijing venture. It plans to build 20,000 Jeep Cherokees and 50,000 traditional semi-military Beijing Jeeps in 1994.

Sales of Jeep Cherokee fell below the target 35,000 units last year with only 20,000 sold, largely due to a government-imposed credit squeeze.

"A production target doesn't mean much to me," said Mr Fu Deru, the plant's spokesman. "The most important question is how many units can you sell. We've already acquired a production capacity that could churn out more than the market could consume."

In the past decade Beijing Jeep has produced 354,000 jeeps including 70,000 Cherokees, earning Yn1.07bn in profits. Sixty per cent of Cherokee components are now made in China.

China recently lowered its automobile import tariff from 220 per cent to 150 per cent and lifted controls on car purchases. The move is expected to enliven China's car market, which has been severely restricted with little opportunity for private ownership.

China has so far allowed eight foreign automobile companies to set up joint venture plants, with Germany's 50 per cent-owned Volkswagen Shanghai venture the largest. Other producers are lobbying the Chinese government to enter the quickly expanding China car market.

China produced 1.18m motor vehicles last year, and sales reached 1.17m. The plan for 1994 is 1.3m; Chinese officials say they want to keep the automobile growth rate at 10 per cent a year.

China to raise more capital in West

By Tony Walker in Beijing and Conner Middelmann in London

China is set for aggressive capital raising in Western markets following its registration with the US Securities Exchange Commission to issue some $1bn in global bonds.

Merrill Lynch, in association with major securities houses and banks, will market the dollar-denominated notes to be issued by China's Ministry of Finance to help finance the country's vast infrastructure requirements.

The global bonds will mark the Chinese government's first entry to the US market since the Communist revolution, although a state-owned corporation issued $250m worth of paper to US buyers last July.

China's demand for capital to finance its modernisation drive is almost insatiable, and a successful global bond issue is certain to be followed by further forays into world markets.

The country's ability to sell debt securities was recently enhanced by an upgrading of its credit rating. In September Moody's raised its debt rating to A3 from Baa1, while Standard & Poor's rate China's outstanding debt triple-B.

China's Ministry of Finance last October tapped the "dragon bond" market in Hong Kong, issuing $300m of 10-year bonds, targetted mainly at Asian institutional investors. Earlier the ministry issued Y30bn ($3bn) of five-year Eurobonds.

The China International Trust and Investment Corporation (CITIC) showed the way for Chinese institutions seeking to raise capital in the US. Its $250m issue of 10-year bonds, launched last year, met strong demand.

The forthcoming global bond is expected to receive a warm welcome, especially from Asian investors, but also from the US and Europe, where yield-hungry investors are keen to buy liquid bonds offering a substantial yield pick-up.

China's dragon bond was launched at an 88-basis-point spread over US Treasuries, and given the liquidity of the forthcoming global bond, some market participants say the deal could offer a slightly tighter spread.

The dragon bond widened slightly to 86 basis points on the bid price yesterday as word over the China global bond spread through the market.

NEWS DIGEST

Record gold output at Aztec mine

Aztec Mining Company, the Australian mining house facing an unwanted A$261m (US$174m) bid from Mr Robert de Crespigny's PosGold Investments, yesterday said record gold output of almost 40,000 ounces was achieved by its Bounty Gold Mine in Western Australia in the three months ended December 25, a 32 per cent increase over the previous quarter, writes Nikki Tait in Sydney.

The company said the increased production contributed to a 28 per cent reduction in operating cost per ounce of gold compared with the previous quarter. It reported that its Woodcutters Zinc Mine yielded 22,268 tonnes of zinc and lead concentrates but would be "well-positioned to double production in the event of sustained metal price increases".

AMP lifts income to A$8bn

The Australian Mutual Provident Society, one of Australia's largest institutions and owner of the Pearl and London Life, UK life offices, said yesterday premium income increased by only a small amount in 1993, to about A$8bn (US$5.3m). However, this masks a 4 per cent fall in premiums and new savings in Australia, to about A$3.8bn, while the two UK life offices saw a 10 per cent increase, to A$3.2bn. Premiums and new savings income from New Zealand-based operations declined, by 8 per cent to A$602m, writes Nikki Tait.

The AMP, which will not release full results for 1993 until April, said the declines in Australia and New Zealand reflected "the impact of the recession on consumers who were less willing to enter into long-term financial commitments". The institution, which has seen its once-commanding position in the Australian fund management business come under competitive attack, added that annual operating costs had been cut by about A$200m, and were "moving steadily towards becoming a broader-based worldwide insurance and saving organisation".

Highlands Gold decreases 45%

Highlands Gold, the Papua New Guinea-based mining company in which Australia's MIM Holdings holds a majority stake, yesterday reported a 44.8 per cent fall in earnings in the six months to December 12, to K12.1m (US$12.3m), writes Nikki Tait. Sales revenue was down to K53.5m from K71.4m.

Results in the second quarter comprised a net profit of K4.6m compared with just over K9m in the same period of 1992.

The figures reflect Highlands' reduction in interest in the Porgera gold mine, to 25 per cent from 30 per cent. Highlands' share of production from the Porgera mine provided sales of 144,417 ounces of gold at an average realised price of US$363 per ounce during the six-month period (compared with 194,500 ounces at US$363 in the same period of 1992). The total contribution from Porgera to group sales was K51.6m.

Pacific BBA buys Indonesian stake

Pacific BBA, the plastics and automotive supplies group which became Australian-owned after the UK-based BBA Group sold its 57 per cent interest last year, is buying a minority stake in Dynaplast, an Indonesian plastics company, as part of a plan to move into the Indonesian market, writes Nikki Tait.

BBA said it had been working with Dynaplast, which is listed on the Jakarta stock exchange, for the past 18 months, and plans had been agreed for the introduction of BBA products into that area. BBA said its position as a shareholder in Dynaplast "confirms ongoing support and the availability of ... technology for Dynaplast". BBA is paying about A$6m (US$4m) for an 8.1 per cent interest.

Malaysian TV group drops 3%

Sistem Televisyen Malaysia (TV3), the country's only privately-owned television station, reported pre-tax profits for the year ending August 31 1993 of M$33.2m ($12.2m), a drop of 3 per cent on the previous year's figure, writes Kieran Cooke in Kuala Lumpur.

TV3 said in spite of a 5 per cent rise in turnover to M$148m, an increased investment in news-based services had produced a reduction in overall earnings.

French new towns plan bond issue

By David Buchan in Paris

Nine of France's post-war "new towns" plan to join forces and issue FFr2-3bn worth of bonds later this year to refinance high-cost bank debt.

The move would mark the first real entry into the international capital markets for the new towns, set up in the last 20 years chiefly around Paris but also near Lyon, Marseilles and Lille.

Mr Jacques Guyard, mayor of Evry and president of the Association of Leaders of the New Towns, said yesterday that in addition to the bond issues, the new municipalities wanted to diversify their annual borrowing of FFr8-900m in order to get better rates.

Some German savings banks had already shown interest in lending to France's new towns, and Mr Guyard hoped that other foreign institutions would follow.

Over the past 15 years, the new towns have amassed debt of FFr11bn ($1.88bn), which costs on average one-third of their annual budgets.

The newly-privatised Crédit Local de France has virtually been the monopoly lender to the new towns.

Mr Guyard said that to attract international investors and lenders, "we might form ourselves into a mutual organisation, or perhaps we might sign separate contracts negotiated together".

Gilts end stronger as traders digest price data

By Antonia Sharpe and Tracy Corrigan

UK government bonds dipped yesterday on the release of higher-than-expected producer price data for December, but quickly bounced back when it became clear the underlying trend was lower year-on-year. They ended the day about a ¼ point higher, with an equal performance along the yield curve.

"The market was reassured by the numbers since they showed that price inflation is still falling," said Mr Simon Briscoe at S. G. Warburg. He said the figures provided a favourable background for the retail prices index, which will be published tomorrow.

The Bank of England is due to announce details of its gilts auction this afternoon. The market widely expects the Bank to opt for a 2010 maturity, in the middle of its 2008-2012 range, thereby establishing a new 15-year benchmark. Analysts expect the auction to raise between £3bn and £3.5bn, with a yield on the stock of around 6½ per cent.

GOVERNMENT BONDS

■ German government bonds eased in quiet trading as investors retreated to the sidelines ahead of the Bundesbank's fortnightly council meeting on Thursday. The holiday in the US also dampened activity. The March bund future on Liffe fell 0.12 point to 100.53 in moderate volume.

Analysts said the recent fall in the D-Mark against the dollar had reduced the chances of a cut in German interest rates this week. There was also little evidence of a slowing in M3 growth. "The Bundesbank has to have something on which to hang the rate cut," said Mr Richard Reid, chief economist at UBS in Frankfurt.

However, the release of preliminary cost of living data for January later this week could provide the market with a fresh direction, he added.

■ Italian government bonds gained ¼ point, bucking the downward trend elsewhere in continental Europe, as the market took comfort from the fact that Mr Carlo Ciampi will stay on as caretaker prime minister in the run-up to elections, called for March 27.

Without this, there could have been a "political vacuum which would have prompted a big sell-off", said Mr Andrew Roberts, a bond analyst at UBS in London.

However, he warned the market was likely to become more volatile in the run-up to the elections, particularly if some of Italy's more marginal political parties start to make a strong showing in opinion polls. Although the market currently takes the view that crucial economic reforms are already in place, the economic policies of some of the smaller parties remain unclear.

Mr Roberts is recommending that clients switch from Italy to Spain, although he says the outlook for Italy remains favourable in the longer term.

■ Japanese government bonds and futures remained weak due to supply concerns in the market following the Trust Fund Bureau's announcement that it intends to sell Y900bn of its 10-year bond holdings over the next three months.

Fears that the government's fiscal package might be larger than expected, and that there will be no early easing in the discount rate, also depressed the market, said Mr Nigel Richardson, head of bond research at Yamaichi International in London.

The yield on the benchmark No 157 bond rose to 3.27 per cent yesterday from 3.16 per cent on Friday. Bond analysts noted the yield was below 3 per cent only one week ago. The March contract closed at 116.20 in Tokyo, down from 116.90 on Friday, and slipped further to 115.67 in London trading.

Mr David Knee, economist at Daiwa Europe, said there was not a great deal of selling in the cash market, since investors were opting to hedge their positions rather than sell their cash holdings.

● US bond markets were closed yesterday.

Survey points to rising investment in Latin America

By Sara Webb

International investors with debt and equity holdings in Latin America expect to raise their exposure to the region over the next couple of years, encouraged by strong economic growth prospects and relatively high yields, according to a survey published yesterday by Euromoney Publications*.

While Mexico, Chile and Argentina are considered among the most developed of the emerging Latin American markets, the smaller markets of Uruguay, Panama, Costa Rica and Bolivia are expected to attract increasing attention over the next five years.

Some investors, though, voiced concerns over logistics, noting problems with executing trades and with diversification. "Overall, investors seemed most concerned about the poor execution capacity of Latin American equity markets and the relatively weak price-to-book values/ratios.

"Economic and political risk, historically the main obstacles to investment in Latin America, were seen as less of a worry than the lack of liquidity and adequate diversification," the report says.

The survey is based on questionnaires sent to more than 110 international investors around the world, who were selected on the basis that more than 5 per cent of funds under management were invested in Latin America.

Overall, survey participants invested 23.24 per cent of their funds in Latin America in mid-1993, and expect their total exposure to be 23.97 per cent by mid-1995, representing an increase of 3 per cent.

Mexico is likely to maintain its position as the main recipient of foreign capital. However, its overall share is likely to decline as part of a general move away from the developed, highly-capitalised markets towards growing, under-capitalised markets such as Colombia and Brazil.

Currently over 80 per cent of investment in Latin America is in the form of either debt or equity, with debt instruments accounting for 43.05 per cent and equity 42.10 per cent.

Investors expect this emphasis to change, predicting that equities will be 46.68 per cent of total investment in Latin America, against 39.62 per cent for debt by mid-1996.

"This movement is a reflection of the developments of the two markets. For, while the yield spread between Latin debt and US Treasuries has gradually tightened, return on equity investments has often increased," the report says.

"In addition, with equity widely perceived as more risky than debt, the switch to equities can be seen as a sign of increased investor confidence in the region's growing economic stability."

Investors described Mexico as the most attractive Latin American country for equity investment, awarding it high marks for company quality, research and liquidity, while Peru was seen as the least attractive.

* *Latin American Investment 1994 Research Report by Global Research, the research division of Euromoney Publications. Price $810, available from Euromoney Publications, Nestor House, Playhouse Yard, London EC4V 5EX.*

Malta free port operator seeks to raise $250m

By Godfrey Grima in Valetta

Malta Freeport Corporation (MFC) is to raise up to $250m in international capital markets to finance the development of a new container terminal. The financing will be guaranteed by the Republic of Malta.

The government and MFC hope to get the debt rated by Moody's and Standard and Poor's, the US credit rating agencies. A Maltese issuer has never before sought a rating outside Malta.

MFC has engaged Bankers Trust to arrange the financing. It hopes to conclude the deal before the end of June.

The new terminal will handle 500,000 containers. This will double the overall capacity of the free port zone, situated on the island's south coast.

The terminal shipped 288,000 containers in 1993 and predicts a further rise to 400,000 this year.

Dixons leads slow day with $100m offering

By Conner Middelmann

With US markets closed, the Eurobond market caught its breath after last week's record-breaking flood of supply, and saw only a handful of new issues.

Dixons Group, the UK consumer electronics and domestic appliances retailer, was the first UK non-financial corporate borrower to tap the Euro sterling sector in months, raising $100m of 10-year bonds via Samuel Montagu.

INTERNATIONAL BONDS

The bonds, priced to yield 140 basis points over gilts at the re-offer price of 99.30, ended the day at 99.40 bid, yielding some 137 basis points over gilts. Most of the paper had been pre-placed by the lead manager last week, ensuring the issue went smoothly.

The dollar floating-rate note (FRN) sector saw $100m of five-year notes for the Cassa di Risparmio di Verona and $75m two-year notes for Commerzbank International.

The Cassa di Risparmio deal was reported to have met with healthy demand, especially from banks, which like to hold floating-rate assets to match their liabilities.

The Commerzbank floater, structured so that interest only accrues when Libor falls within a specific range at certain times, was harder to place, partly because the borrower was Commerzbank's Luxembourg subsidiary, one trader said.

Alcatel Alsthom, the French-based engineering, transport and telecommunications group, issued FFr2bn of 10-year bonds via Société Générale.

Despite a profit warning from the company's chairman which caused its share price to slide by 12 per cent last week, the deal met with demand from a broad range of European investors.

The bonds were priced to yield 36 basis points over the benchmark 10-year OAT, and while the price came off in line with the underlying bond market, the spread remained constant.

Meanwhile, market participants are gearing up for another raft of large issues in coming weeks.

On Friday, Mexico's Banco Nacional de Comercio Exterior (Bancomext) is expected to issue a $1bn global bond via Goldman Sachs and Merrill Lynch. Market talk indicates a yield spread over US Treasuries of some 150-165 basis points. A roadshow for the issuer will be held in London today.

China is expected to launch a $1bn issue of 10-year global bonds via Merrill Lynch, following a series of investor presentations due to start tomorrow in Hong Kong.

Rumours of a $1.5bn FRN for the Canadian Province of Ontario remained on the boil, while Lloyds Bank was said to have postponed its planned £300m 25-year sterling bond after the details of the deal had been widely leaked in the market.

Elsewhere, Swedish Export Credit is said to be planning the first Swedish krone global bond, with Merrill Lynch tipped as lead manager for the SKr2.0bn deal.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Cassa di Verona, London Bch.‡	100	(a)	99.70R	Feb.1999	0.25R	-	Citibank International
Commerzbank International‡	75	(b)	100.00R	Feb.1996	0.15R	-	Goldman Sachs Intl.
Juki Corp.*‡	60	(c)	100.00	Feb.1998	0.30	-	LTCB International
D-MARKS							
Frankfurter Hypotheken Bank‡	100	(d)	101.80	Feb.2004	2.20	-	Trinkaus & Burkhardt
STERLING							
Dixons Group Treasury	100	7.75	99.301R	Feb.2004	0.425R	+140(6¾%-04)	Samuel Montagu & Co.
FRENCH FRANCS							
Alcatel Alsthom	2bn	5.75	97.565R	Feb.2004	0.375R	+36 (8¼%-04)	Société Générale

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon: 3-mth Libor +0.25%. b) Coupon: 3-mth Libor +1.25%. Interest only accrues on days 3-mth Libor falls within the following ranges: 1st 6-mths 3-4%, 2nd 6 mths 3⅛-4⅝%, 3rd 6 mths 3½-5⅝%, 4th 6 mths 3½-6%. c) Coupon: 6-mth Libor +0.3%. d) Coupon: 5¼% fxd annual for 1st 2 yrs, 6-mth Libor flat for next 4 yrs and 7% fxd annual thereafter.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	120.5800	-0.030	6.35	6.44	6.79
Belgium		9.000	03/03	116.4300	-0.030	6.56	6.47	6.62
Canada *		7.500	12/03	107.3000	-0.200	6.50	6.51	6.82
Denmark		7.000	12/04	106.2000	-0.070	5.95	6.03	6.22
France	BTAN	8.000	12/98	111.0000	-	5.06	4.95	6.05
	OAT	6.750	10/03	107.7800	-0.200	5.68	5.67	5.84
Germany		6.000	09/03	102.7900	+0.090	5.61	5.59	5.75
Italy		9.000	10/03	102.9900	+0.290	8.54†	8.65	8.70
Japan	No 119	4.800	06/99	110.4590	-0.690	2.60	2.36	2.45
	No 157	4.500	06/03	109.8020	-0.720	3.15	3.00	3.13
Netherlands		5.750	01/04	101.0000	-0.100	5.62	5.60	5.71
Spain		10.500	10/03	116.3000	-	8.02	8.16	8.34
UK Gilts		9.750	01/98	113-27	+6/32	5.79	5.70	5.63
		6.750	11/04	103-10	+6/32	6.28	6.14	6.29
		9.000	10/08	121-25	-	6.66	6.49	6.55
US Treasury *		5.750	08/03	-	-	-	5.66	5.78
		6.250	08/23	-	-	-	6.25	6.27
ECU (French Govt)		6.000	04/04	100.3200	-0.100	5.95	5.87	6.15

London closing. *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal *Source: MMS International*

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.84	130.80	-0.08	130.94	130.76	65,4599	136,162
Jun	130.36	130.30	-0.08	130.40	130.28	1,116	11,019
Sep	129.48	129.42	-0.08	129.48	129.48	24	732

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Jun
128	-	-	-	-	-	0.46
129	-	-	-	0.02	0.15	0.70
130	-	1.12	-	0.08	0.35	-
131	0.21	0.55	0.30	0.42	0.74	-
132	-	0.19	0.56	-	1.38	2.22
133	0.01	-	-	-	-	-

Est. vol. total, Calls 5,276 Puts 12,128. Previous day's open int., Calls 262,869 Puts 323,096.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.64	100.55	-0.10	100.72	100.52	51416	154386
Jun	100.56	100.51	-0.10	100.60	100.55	56	2267

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
10050	0.52	0.97	0.47	0.96
10100	0.31	0.74	0.76	1.23
10150	0.17	0.55	1.12	1.54

Est. vol. total, Calls 6434 Puts 5967. Previous day's open int., Calls 189066 Puts 129988

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.23	103.19	-0.03	103.24	103.18	231	9606

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118.20	118.07	0.15	118.46	117.95	26258	82343
Jun	118.36	118.17	0.19	118.39	118.33	324	719

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11800	1.21	2.42	1.14	2.25
11850	0.96	2.18	1.39	2.51
11900	0.75	1.96	1.68	2.79

Est. vol. total, Calls 3023 Puts 2610. Previous day's open int., Calls 44892 Puts 47962

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	105.60	105.74	+0.21	105.90	106.60	27,205	89,154
Jun	105.75	105.71	+0.25	105.75	105.73	122	7,914

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118-01	118-07	0-06	118-15	117-30	40628	96837
Jun	117-20	117-19	0-06	117-23	117-20	74	166

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
118	1-09	1-48	0-59	2-10
119	0-44	1-20	1-30	2-46
120	0-24	0-62	2-10	3-24

Est. vol. total, Calls 1956 Puts 3588. Previous day's open int., Calls 89197 Puts 63306

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.62	121.58	-0.06	121.70	121.52	1,799	14,004
Jun	96.76	96.68	-0.40	96.76	96.75	10	50

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	115-16	115-09	-0-05	115-17	115-08	384,887	327,027
Jun	114-13	114-07	-0-04	114-13	114-06	1,856	16,639
Sep	-	113-12	-	-	-	1,277	20,839

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	117.10	-	-	116.05	115.55	2952	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Jan 17	Day's change %	Fri Jan 14	Accrued interest	xd adj. ytd		Low coupon yield Jan 17	Jan 14	Yr. ago	Medium coupon yield Jan 17	Jan 14	Yr. ago	High coupon yield Jan 17	Jan 14	Yr. ago
1 Up to 5 years (25)	129.14	+0.04	129.71	1.68	0.62	5 yrs	5.77	5.79	7.03	6.01	6.03	7.46	6.12	6.13	7.68
2 5-15 years (22)	161.85	+0.11	161.67	2.76	0.10	15 yrs	6.51	6.51	8.35	6.62	6.63	8.82	6.82	6.82	9.09
3 Over 15 years (8)	187.33	-0.01	187.35	2.48	0.00	20 yrs	6.62	6.61	8.63	6.66	6.66	9.03	6.83	6.84	9.16
4 Irredeemables (6)	223.60	-0.02	223.64	1.91	0.00	Irred.†	6.73	6.72	8.97						
5 All stocks (61)	156.30	+0.06	156.43	2.34	0.27										

Index-linked							Inflation 5% Jan 17	Jan 14	Yr. ago	Inflation 10% Jan 17	Jan 14	Yr. ago
6 Up to 5 years (2)	191.20	+0.01	191.19	1.47	0.00	Up to 5 yrs	2.25	2.25	2.49	1.47	1.46	[illegible]
7 Over 5 years (11)	190.06	+0.14	190.07	0.40	0.57	Over 5 yrs	3.00	3.01	3.83	2.84	2.85	[illegible]
8 All stocks (13)	189.24	+0.12	189.26	0.51	0.51							

Debentures and Loans						5 year yield Jan 17	Jan 14	Yr. ago	15 year yield Jan 17	Jan 14	Yr. ago	25 year yield Jan 17	Jan 14	Yr. ago
9 Debs & Loans (68)	155.04	+1.50	152.90	2.61	0.26	7.37	7.35	8.92	7.65	7.65	9.91	7.76	7.78	10.07

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 17	Jan 14	Jan 13	Jan 12	Jan 11	Yr ago	High*	Low*
Govt. Secs. (UK)	105.75	105.77	106.00	106.41	106.32	93.44	107.60	93.28
Fixed Interest	131.54	131.64	131.91	132.10	132.16	108.75	132.24	108.67

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 132.24 (10/1/94), low 50.53 (3/1/75). Base 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10
Gilt Edged bargains	123.6	123.7	105.0	165.3	128.3
5-day average	129.2	121.9	115.2	109.1	90.7

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:20 pm on January 17

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	101	101¼	-⅛	6.35
AlbertaProvince 9⅜ 95	600	108¼	108⅝	-⅛	4.42
Austria 8½ 00	400	114	114⅜	-¼	5.69
Bank of Tokyo 8⅜ 96	100	107¼	108	+⅛	4.82
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7¼ 97	5500	106¾	106⅞		5.11
Volkswagen Intl Fin 7 03	1000	103¼	103¾	-⅛	6.52
World Bank 0 15	2000	28¾	29	+½	5.85
World Bank 5¾ 98	300	103⅜	103¾		4.08
World Bank 8¾ 00	1250	117½	117⅞	+¼	5.37
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11⅜ 97 £	100	115¼	115⅝	+⅛	8.12
British Gas 12¾ 95 £	300	107½	107¾	+⅛	5.35
British Land 8⅞ 23 £	150	105⅛	105½	+⅛	8.58
EIB 10 97 £	637	111¼	111⅝		5.85
Halifax 10⅜ 97 £	100	112⅛	112½		6.09
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate ([illegible]) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	Low
Shorts" (Lives up to Five Years)						
Treas 8½pc 1994	8.48	-	100⅛xd	—	102⅜	100⅛
14½pc 1994‡‡	14.35	5.43	101⅛	-⅛	109¼	101⅛
Exch 13½pc 1994	13.21	5.12	102⅛	—	109⅛	101⅞
Treas. 10pc Ln 1994‡‡	9.82	5.15	101⅞	-⅛	105⅞	101⅞
Exch 12½pc 1994	11.98	5.09	104⅛xd	—	110⅛	104⅛
[illegible]						

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	Low
8pc 2003‡‡	7.17	6.34	111⅝	+⅛	113⅞	97⅛
10pc 2003	8.00	6.48	124⅞	+⅛	127⅛	109⅝
Treas 11½pc 2001-4	9.00	6.56	127⅞	+⅛	129⅞	116⅞
Funding 3½pc '99-4	4.14	5.46	84⅞	+⅛	86⅛	67⅞
Conversion 9½pc 2004	7.72	6.50	123	+¼	125⅞	105⅛
[illegible]						

	Notes	Yield (1)	Yield (2)	Price £	+ or -	1993/94 High	Low
Index-Linked	(b)						
Treas. 2pc '94	(102.9)	-	-	138⅞	—	136⅞	131⅝
2pc '96	(67.9)	1.25	2.14	202¾	—	204½	194⅞
4⅝pc '98‡‡	(135.6)	1.45	2.07	112⅞	—	113⅞	105⅛
2½pc '01	(78.3)	2.27	2.62	174⅞	—	176⅞	159
2½pc '03	(78.8)	2.49	2.77	171½	—	173⅞	155
[illegible]							

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Flotation will provide fresh funds for research and development

Chiroscience set to raise £35m

By Tim Burt

Chiroscience, the pharmaceuticals company, yesterday said it would raise £35m from its forthcoming flotation.

More than 80 per cent of the new capital will be used to expand research and development at the Cambridge-based group, which is expected to have a market capitalisation of £100m.

Mr Peter Keen, finance director, said the float would allow the company to concentrate on the development of single isomer drugs - its core business strategy. If successful, such drugs could give Chiroscience a turnover of about $100m (£68m) by the end of the decade, he added.

The company based its estimates on industry forecasts which suggest demand for single isomer products could account for more than half of all pharmaceutical output by 2000.

Lydia van der Meer

Nowell Stebbing, deputy chairman (left), with Peter Keen (centre) and Chris Evans: confident

Demand is expected to increase because, unlike most organic drugs currently on the market, the new drugs do not have pairs of isomers – molecular compounds which have identical structures but which can produce different effects.

Ensuring patients get only the isomer they need from drugs can be vital. One isomer of thalidomide, for example, cures morning sickness; the other can cause foetal deformity.

Mr Chris Evans, chief scientific officer at Chiroscience, said: "Our programme is to get rid of the isomers which don't fit in."

To that end the company has pursued three business areas: manufacturing single isomer compounds for companies such as Glaxo, Wellcome and Abbott; developing single isomer versions of existing drugs; and producing new pharmaceutical products from its research arm.

Mr Keen said supply contracts with large manufacturers would offset losses incurred by research costs. However, Chiroscience does not expect to make a profit before 1998.

In the six months to August 1993, the company incurred a pre-tax loss of £1.37m, although its manufacturing business generated sales of £1.34m.

In spite of the losses, Mr Keen said he was confident that the 45 per cent public offer would be a success.

Terms of the placing and offer for sale are to be announced on January 27.

Improving trend at Thorntons

Shares in Thorntons rose 11p to 193p yesterday as the chocolate maker and retailer reported improved sales for the 28 weeks to January 8 1994.

Total UK retail sales, including franchise, increased by 9.1 per cent to £42.9m over the period while, on a like-for-like basis, sales in the group's own UK shops improved by 4.3 per cent.

In the four weeks prior to Christmas they showed a 13.6 per cent rise over the comparable period.

Commercial sales for the 28 weeks were ahead 16.5 per cent at £11.4m.

In France, however, where the Thorntons businesses have undergone a restructuring following a period of accumulating losses, the directors said that sales were slightly lower at £2.2m.

Chartwell cuts loss

Chartwell Group, the carpet tile and cubicle manufacturer, reported pre-tax losses of £51,000 for the six months to September 30.

The outcome, struck on turnover of £2.83m (£3.11m), compared with £137,000 last time. Losses per share were cut from 1.5p to 0.6p.

Court Cavendish ahead despite interest hedge

By Catherine Milton

Court Cavendish, the nursing home operator which was one of a handful of companies to disappoint the market in initial trading when it floated last year, reported pre-tax profits ahead from £86,000 to £450,000 for the six months to October 31, in spite of a £600,000 exceptional charge for an interest hedge.

In July, the shares failed to hold their issue price of 225p and fell to 207p by the close of first day dealings.

Yesterday, the shares rose 1p on the figures to close at 251p.

The board declared an interim dividend of 1.35p, payable from earnings after exceptionals of 2.34p (1.79p).

Turnover on continuing activities rose to £7.17m (£6.57m). Acquisitions contributed £287,000.

Net interest charges fell to £285,000 (£1.38m) as borrowings of £24.7m were paid down with flotation proceeds of £38.6m. Cash and deposits were £11.5m (£669,000) at the half-way stage.

The company is aiming to reach 3,000 beds at a rate of 500 beds a year for the next three to five years, spending between £12m and £15m a year. Initial expansion will be funded by the flotation proceeds and debt.

● COMMENT

In a rising market, the shares are now trading above the issue price, reflecting the company's success in mollifying institutions. Concerns, not least about the quality of the management, have been soothed by assurances about acquisition policy and trips around the homes. Analysts have been encouraged by the 17 per cent gross return achieved on £11.6m of assets purchased since the float. The return should hold up when the company turns to debt finance in the next two years or so. The company says going back to shareholders for more equity finance is a long-term option. The forecast of £3.1m for the full year gives a rating of 20.5. This looks high in a sub-sector rated at 20.8 and populated by companies with better track records.

Modest rise at Aerospace Eng

Aerospace Engineering, the precision product manufacturer for the aerospace and electronics industries, lifted pre-tax profits from £109,000 to £127,000 for the six months ended October 31.

Turnover was from continuing operations and totalled £7.72m against £13.6m last time which took in £5.03m from discontinued operations.

Operating profits for the half year were substantially lower at £313,000, against £689,000. The pre-tax figure was helped by a £50,000 profit on a property disposal and lower interest of £236,000, compared with £580,000. Comparatives have been adjusted in accordance with FRS 3.

Earnings per share were 0.12p (0.19p) while the interim dividend is maintained at 0.25p.

Mr John Davis, chairman, said the pace of recovery was slower than desired and "consequently the current year continues to be difficult".

He pointed out that the performance in the aerospace sector had been mixed, while within the electronics division, sales of microwave and conventional circuit boards continued to be strongly influenced by the new European GSM market for digital cellular phones.

Butte Mining puts value on litigation claims

By Kenneth Gooding, Mining Correspondent

Butte Mining, the UK-quoted company whose main activity is prosecuting US lawsuits – it is seeking damages from former managers and promoters – estimates that, if it succeeds with its maximum claim for nearly $1bn (£600m), this would be worth 129p a share.

Yesterday Butte shares, which languished at 2¾p at the beginning of 1994, moved up ¼p to 4¾p.

In the annual report, Mr David Lloyd-Jacob, chairman, includes estimates of how much the litigation might bring shareholders – estimates are made complex because others have first call on some of the proceeds.

For example, Deutsch & Frey, its US contingent-fee attorney, is entitled to one third of the gross proceeds from the litigation while the management team is entitled to a further 5.25 per cent, but of that 4.5 per cent would be paid only on proceeds above £15m.

Mr Lloyd-Jacob suggests that, assuming the number of Butte's issued shares remains at 287m and the exchange rate is $1.5 to the £, an award of $100m would be worth 12p a share; one of $200m would be worth 25p a share; one of $300m, 38p; $400m, 51p; $500m, 64p; $600m, 77p; $700m, 90p; $800m, 103p; and $900m, 116p.

The US lawsuits are expected to come to trial within two years, says Mr Lloyd-Jacob, and the prospects for significant awards are "excellent."

Mr Lloyd-Jacob says that in 1993 executives deferred their salaries and "sometimes paid [Butte's] bills themselves. He was paid only £12,500 of his £50,000 entitlement.

Soundtracs shares up as new products show

Shares in Soundtracs rose 7p to 80p yesterday after the USM-traded professional electronic audio equipment and loudspeaker group announced a 76 per cent jump in annual pre-tax profits as it benefited from the introduction of new products.

Mr Todd Wells, chairman, said the increase – from £350,385 to £615,587 – was achieved despite the market remaining "highly competitive, fragmented and difficult in such key territories as Japan and central Europe".

Research and development expenditure, written off as it incurs, now accounts for some 6.7 per cent of revenue.

Three new mixing consoles are scheduled for the current year.

Turnover for the 12 months to November 6 improved 34 per cent to £5.51m (£4.11m).

Earnings per share emerged at 4.09p (2.45p) and a proposed final dividend of 1.48p brings the total for the year to 2.4p (2.2p).

Northern Industrial downturn

Pre-tax profits of Northern Industrial Improvement Trust, the investment and property company, fell from £224,800 to £220,200 in the six months to end-September.

Income amounted to £245,200 against a previous £251,800 and earnings per share worked through at 13.04p (13.18p).

The directors anticipate the interim dividend to be similar to last year's 9p.

Existing businesses decline but Arthur Lee buy exceeds forecasts

Carclo advances to £5.19m

By Simon Davies

Carclo Engineering Group yesterday announced a 41 per cent increase in interim pre-tax profit, reflecting a better than expected performance from Arthur Lee, the engineering group it acquired in June 1993.

Mr John Ewart, chairman, said that order books were significantly fuller than last year, although margins remained under pressure in its core card clothing division.

Turnover for the six months to September 30 advanced to £65.6m (£40.7m) with a contribution of £23.8m from Arthur Lee. Pre-tax profits amounted to £5.19m (£3.68m).

Earnings per share increased by 0.6p to 6.9p and an interim dividend of 1.9p (1.8p) is declared.

Arthur Lee's operating profit during the period more than doubled to £3.34m (£1.35m), of which £1.47m related to the period before acquisition, leaving a contribution of £1.87m to operating profits.

Mr Ewart said the result was *"better than any pre-acquisition forecasts"*.

This contrasted with the performance of the existing businesses. The card clothing division suffered a 12 per cent drop in operating profit to £1.35m (£1.53m), primarily due to the economic downturn in continental Europe, where it operates three factories.

General engineering contributed a lower £928,000 (£1.16m); wire division profits, however, increased to £868,000 (£754,000). The RSR division improved to £390,000 (£353,000).

Bruntons, the wire manufacturing subsidiary which is being reorganised following the merger with Arthur Lee, has picked up contracts worth more than £4m for the Tsing *Ma bridge linking Hong Kong* with its new airport.

Carclo also announced it had sold its 16.6 per cent stake in Bombay-listed Indian Card Clothing for £1.2m.

● COMMENT

The merger with Arthur Lee has proven well-timed, as it has coincided with stagnant earnings from the core businesses. By comparison, Lee had a strong performance in *all three divisions, particularly* Lee Steel Strip, which helped steel profits jump from £700,000 to £2.15m. There should be more to come, as the synergistic benefits from the acquisition have yet to come through into group earnings. The companies are merging head offices and restructuring their wire manufacturing divisions. Lee will remain the engine for growth for the current year, but in 1994-95 the core Carclo businesses should benefit from an estimated £7m in capital expenditure during the current financial year. Full-year profits are likely to top £12m, for a prospective p/e of 19. This suggests that the extent of the current earnings upswing is written into the share price.

Ratners shareholder wins damages

By Martin Dickson in New York and Maggie Urry in London

A US arbitration panel has ordered underwriter CS First Boston to pay $37,500 (£25,100) to an American fund which invested in preferred stock of Ratners, the British jewellery group now known as Signet, not long before Ratners' credit rating was downgraded.

It is the first case to be settled of several pending against CS First Boston and fellow underwriter Goldman Sachs over an issue of Ratners auction market preferred shares in 1991. There is also one case against Signet itself.

The fund, CMB Realty Trust, bought $200,000 of the Ratners issue and had sought damages of $200,000, claiming First Boston had misrepresented the shares as a "safe and secure investment with a very decent yield."

A panel from the National Association of Securities Dealers made no comment in making the award. It rejected CMB's request that CS First Boston void the trade and return its money.

Signet shares rose 1p to 33½p yesterday.

The suit against Signet from Glamorgan Coal, a US investor, is not expected to come to court for some time. In its 1993 accounts Signet said it did not consider that the claim would have a "significant effect" on the company's finances. Yesterday Signet said the position had not changed since the accounts were published.

Signet issued two tranches of auction market preferred shares in the US, the second in 1991, totalling $250m. Regular auctions of the shares set the interest rate on them and they are redeemable only at the company's option.

When the group's financial difficulties deepened, the credit rating on the shares dropped and auctions failed, meaning that a fall-back rate of interest was set on $200m of the total. This is updated every four weeks, and is set at 250 per cent of a benchmark US commercial paper rate.

Signet stopped paying the interest on the shares in January 1992. This has been rolled up since and now totals £65m.

Signet cannot pay dividends on its ordinary shares until the interest on the preference shares has been paid. In the 1993 accounts there was a loss on distributable reserves of £65.9m. A capital restructuring is expected to address these losses.

Mr James McAdam said last July that before a capital restructuring could be considered, the group had to "get the trading line right". Last week it published sales figures covering the crucial Christmas period, which Mr McAdam said indicated a return to profits was likely in the financial year ending this month.

Amersham speeds up US acquisition

By Tim Burt

Amersham International, the UK health science group, announced yesterday it was speeding up its acquisition of United *States Biochemical, the privately-owned* supplier of pharmaceutical and biotechnology reagents.

Last March Amersham paid $52m (£35m) for the Cleveland-based company and agreed to pay a further $17.25m over three years, depending on sales of USB products.

Since then the UK group has realised that it could make considerable cost savings by integrating USB's North American business with its own life science operations.

Mr Kirk Stephenson, finance director, *said yesterday: "We have decided to* streamline our North American operations. The tidying up can be done now rather than later."

Amersham staff in Chicago will oversee a combined sales, orders and distribution department for the two companies, while USB's existing manufacturing and research workforce are to remain with the subsidiary.

Rather than pay $17.25m over three years, the company said it would satisfy the deferred instalments with an immedi*ate $10m fixed payment.*

The transaction involves a $5.72m cash payment and the issue of 286,557 Amersham ordinary shares to USB's owners.

As part of the deal, which will be completed tomorrow, the owners of USB have agreed to retain their Amersham shares until April 1996.

Peel tops £2m with help from port side

By Simon Davies

Peel Holdings, the Manchester-based property group, yesterday reported a rise in pre-tax profits from £1.64m to £2.21m for the six months to September 30.

Mr John Whitaker, chairman, said the property leasing market remained extremely competitive and the company was only marginally increasing property development activities, despite more favourable market conditions.

Turnover increased to £33m (£32.2m) boosted by £4.4m from land disposals and net rental income of £20.1m.

In the second half of the year the company will accrue an additional £880,000 as a result of the expiry of rent free agreements and from upward rent reviews.

Losses per share emerged at 0.61p (0.95p) but the interim dividend is lifted to 1.3p (1p) reflecting expectations of a stronger second half.

Manchester Ship Canal's port operations contributed £2.5m at the operating level. The operations are seasonable and should record a higher contribution in the second half.

Analysts also expect an improved performance from Peel's core property business.

The company last year won a six year battle to buy out the minority shareholders of Manchester Ship Canal in order to realise some of the redevelopment value of the company's substantial land bank.

Peel is proposing the £200m construction of a commercial centre on a 300-acre site next to the canal, but planning permission is still being blocked by eight local authorities, which are appealing a court ruling allowing the project to go ahead.

In the meantime, Peel's debt levels remain high with net *debt marginally increasing* from its March 1993 figure of £336m.

Net interest of £17.5m (£19.4m) was payable at the interim stage, compared with operating profit of £19.8m (£21.1m).

Albert Fisher makes $25m fresh produce purchase

By Andrew Bolger

Albert Fisher, the food processing and distribution group, is paying up to $25m (£17m) for certain assets of Fresh Western Marketing, a Californian supplier of fresh produce.

Fresh Western operates under the River Ranch brand. Through relationships with growers and joint ventures it grows, stores and distributes a variety of produce to the retail sector and food service distributors across the US.

Albert Fisher said that as well as being a leading supplier of salad mixes, Fresh Western also brought to the group patented technology for extending produce shelf life.

This used a two-way breathable membrane to control the flow of oxygen and carbon dioxide into and out of the sealed package, thereby considerably extending the life of certain items of fresh produce as well as other food products and flowers.

Albert Fisher said the acquisition was expected to enhance earnings in its first year. The initial cash payment will be about $7.8m, the book value of the net assets acquired. The profit-related deferred consideration is payable in cash to a maximum $25m.

Fresh Western's turnover in 1993 was about $200m, of which about 25 per cent was exported, principally to east Asia, for an estimated pre-tax profit of $4.5m.

Mr Stephen Walls, chairman of Albert Fisher, said: "The addition of Fresh Western's technology, markets, produce expertise and grower connections represents an important extension to our capabilities in the fast-growing prepared salad markets for retail and food service customers.

"The operations complement the Albert Fisher North American distribution and regional processing companies in produce range, procurement, services and markets."

Beverley holders approve deals to eliminate debt

By Peggy Hollinger and Motoko Rich

Shareholders in Beverley Group, the engineering concern, yesterday approved the sale of a group of properties and businesses to a vehicle controlled by the company's executive directors.

The company, which says the transactions, including the sale of a cash rich subsidiary for £1, are designed to eliminate debt, has now embarked on an acquisition programme. The first purchase is likely to be announced by the end of March.

Mr Colin Robinson, chairman, said Beverley was now in a net cash position. It would seek to double its size through an acquisition, which would be funded through some form of equity capital raising.

About 15 private shareholders attended the extraordinary meeting in Bristol to vote on the proposals. These called for the sale of Gall Thomson Marine, the group's most prof*itable subsidiary, to Villiers, an* independent USM-quoted company, for £4m.

The second resolution proposed the sale of two subsidiaries for £1 each to Woodlands Grange Engineering, the executive directors' privately owned company. One of the companies being sold was left with £237,000 in cash, the amount which Beverley said it would *cost to make the business's* employees redundant. Debt of £812,000 owed by the second company to the quoted parent was written off and bank borrowings of £359,000 repaid.

All the shareholders present voted in favour, although some proxy votes had been cast against the sales to executive directors. Mr Robinson said as there had been no need for a *poll, the proxies had not been* counted. The executive directors involved in the transactions did not vote.

One institutional investor said that although there had been initial concerns over the transactions with directors the benefits had outweighed the hit that we as shareholders would have had to take if they had not gone through".

Trevor Humphries

Colin Robinson (left) with director Anthony Canning-Jones: Beverley was now in a net cash position and seeking expansion

Pilkington chief makes £60,000 in option deal

By Maggie Urry

Sir Antony Pilkington, chairman of the Pilkington glass group, has exercised *options and sold the shares,* taking a profit of nearly £60,000 before expenses.

Sir Antony bought 128,500 shares last Friday by exercising options at 139⅞p. He sold the same number of shares the same day at 185½p, giving a gross profit of £58,900.

The deal leaves his holding of shares held beneficially at a little less than 1m, representing 0.1 per cent of the total shares in issue. He is also listed as a non-beneficial owner of shares held in trusts.

Edge Retail sells

Edge Retail Investment, 29.3 *per cent-owned* by TR Property Investment Trust, has completed the disposal of its last remaining asset.

The 150,000 sq ft retail warehouse in Manchester has been acquired by Pillar Property Investments for £12.8m.

Pittencrieff splits activities

By Peggy Hollinger

Pittencrieff yesterday *announced plans to split its oil* and gas interests from the rapidly growing mobile communications operation based in the US.

The company proposes to offer shareholders the choice to vote for a simple demerger with a cash alternative, or to allow the mobile communications subsidiary to buy the parent's 54 per cent interest in it.

The quoted company in the UK will then be liquidated, which will protect the company from capital gains tax arising on the transactions. The oil and gas division will be *relisted under a new name.*

Pittencrieff last year floated off 46 per cent of Pittencrieff Communications, earning $68m (£46m) net of expenses.

Mr Terry Heneaghan, chairman, said the oil and gas division had been inhibiting the "frantic pace" of growth in the communications business, and vice versa. "Neither could issue stock while they were linked because the value of each of the two parts was more than that of the whole".

Mr Heneaghan said Pittencrieff hoped to return to the market with an acquisition. It *is also likely that it will seek to* raise funds through a placing or share issue.

The details are expected to be completed by March, with the full demerger or sale concluded in the summer.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aerospace Eng ......int	0.25	Apr 1	0.25	-	0.75
Carclo Eng ......int	1.9†	Mar 10	1.8	-	8.6♥
Colorvision ......int	2.5	Mar 7	2.5	-	5.6
Court Cavendish ......int	1.35	Feb 28	-	-	-
Dalepak ......int	0.5	Apr 6	1.5	-	6
Peel ......int	1.3	-	1	-	4
Soundtracs § ......fin	1.48	Apr 15	1.35	2.4	2.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♥Includes special.

Baring Emerging allocations

Baring Emerging Europe Trust has announced the basis of allocation under its offer for subscription at $1 (67p) per share.

Applications for amounts up to and including £100,000 will receive 70 ordinary shares per *£100 subscribed. Applications* for amounts exceeding £100,000 will receive 64.12 ordinary per £100 subscribed. Warrants will be issued – at no additional cost – in a 1:5 ratio.

Dealings are expected to commence on January 20.

Scottish fund managers with an eye on expansion

James Buxton examines the differing approaches as Edinburgh chases the US business hard

Mr Iain Watt is in no doubt about it. "I'd be a liar if I said that being Scottish wasn't an asset in marketing ourselves in the US," he says. "We capitalise on the respectability of Edinburgh."

Mr Watt is chief executive of Edinburgh Fund Managers, the quoted investment management company based in the Scottish capital. It is now opening a small office in Atlanta, Georgia, to tap the US market for fund management services.

As US pension funds diversify from their historical concentration on North American stock exchanges - nearly $50bn (£33.7bn) of pension fund assets flowed out of the US in the first half of 1993 alone – British fund managers are winning some of the international fund management business being generated, because of their experience in overseas markets, especially in east Asia.

Edinburgh, Britain's main centre of fund management expertise after London, is chasing the US business hard. Fund managers such as Dunedin, Baillie Gifford and Martin Currie each have more than $1bn of US pension fund money under management. While all the Scottish fund managers make the investment decisions at head office, they differ in the way they operate in the US, and in whether or not they play the Scottish card.

EFM currently manages only $200m on behalf of US clients and Mr Watt admits that its initial approach to the US market was wrong. For six years it was in a joint venture with Wilmington Trust, a US fund manager. "The joint venture just confused the clients," says Mr Watt. Last month it was dissolved.

The company has now learned the lesson absorbed six years ago by Dunedin which, with $1.7bn worth of US money under management, is probably by a short head the most successful Scottish fund manager in the US. "If someone else does your marketing for you, you don't do yourself justice," says Mr Alan Kemp, deputy chief executive.

Dunedin, 50 per cent owned by the British Linen Bank, part of Bank of Scotland, now has an office in Chicago employing five people to service clients. But presentations to the pension fund consultants who choose the fund managers are made by senior executives who fly out from Scotland.

Mr Kemp says that it requires long lead times to make progress in the US fund management market. "It can take several years for the consultants to feel comfortable with you. But after a certain point the money begins to flow."

Dunedin, he says, owes much of its success to its investment record in Japanese and other east Asian markets, which is where it places most of the money it raises in the US. "The US fund management market is highly professional and consultants are ruthless about performance. They really dismantle you."

Even though a remarkable number of Americans claim some Scottish ancestry or have an affection for Scotland, Mr Kemp says Dunedin does not stress its Scottishness. "They're not going to award you a fund management contract just because you're wearing a kilt."

At Baillie Gifford, Mr Ross Lidstone, marketing director for US pension funds, agrees. "I don't think people pick Scottish fund managers because they are Scottish.

"We sell ourselves as international investment managers who happen to be located in Scotland. But we do stress the advantages of being in Edinburgh: I see those as low staff turnover (the clients like to see the same people), and expertise based on international fund management going back to the 19th century."

Baillie Gifford does not have an office in the US, doing all its marketing on visits from Scotland and inviting the clients to Edinburgh. "Americans like to see the home office of the fund manager and meet a wider selection of people in the firm. They couldn't do that at an office in Chicago."

Baillie Gifford took about five years to make an impact in the US where it began operating in 1983. But last year alone, however, it gained $500m of new business and took in $200m from existing clients, bringing its US total up to $1.6bn – more than a tenth of the company's total funds under management of £10.1bn, or $14.9bn.

At Martin Currie Mr James Dawnay, marketing director, says the company has been rebuilding its US operations since 1990, having started there in the 1970s before turning away to the UK pension market.

"We've grown dramatically in the US in the past 18 months and now manage about $1.4bn from there, using a marketing group in Connecticut to open doors for us. We don't hype up Edinburgh and Scotland but it helps differentiate us from London. What we sell is our ability to manage global equity portfolios with a bias towards smaller markets."

Murray Johnstone, the Glasgow-based fund manager which recently sold itself to United Asset Management of the US, handles its US operations through Murray Johnstone International, with an office in Chicago. Murray Johnstone International is a smaller participant in the US fund management market than the big three Edinburgh houses, but has pushed up its assets under management from $230m in 1990 to about $800m.

Ivory & Sime, the quoted Edinburgh fund management house which is now doing better after a few years of internal turmoil, manages $600m of US money, half of it from pension funds. It has a joint venture called Ivory & Sime International in Chatham, New Jersey, with a US partner.

Mr George Walker, marketing director, admits Ivory & Sime had suffered in the US from the rapidly changing faces of its managers, but says things have stabilised in the last few years. "Americans do like to see the same face," he acknowledges.

Picturesque Charlotte Square, Edinburgh, where the fund managers regularly meet to make their investment decisions

Dalepak hit by frozen food side

By John Murrell

As forewarned in October, Dalepak Foods broke even for its opening six months with profits for the period to end-October working through at just £29,000 at the pre-tax level.

The profits setback, down from £1.6m previously, was struck from turnover some 10 per cent lower at £19.19m.

Interest payable rose by £21,000 to £151,000 due to the high level of capital expenditure in the previous year.

Earnings per share declined to 0.16p (9.3p) and the interim dividend is cut by 1p to 0.5p.

The shares slipped 6p to 139p.

Mr Michael Abrahams, chairman of the North Yorkshire-based frozen foods and ready made meals manufacturer, blamed the profits downturn on the main frozen foods business which suffered a 13 per cent fall in turnover.

Lower selling prices, due to retailer price pressure, accounted for 4 per cent of the fall, while curtailment of promotional activity at unprofitable prices accounted for 9 per cent.

He pointed out that sterling's devaluation in 1992 had added 11 per cent to raw material costs which could not be recovered because of a highly competitive retail food market and weak consumer demand.

The frozen foods division ended the half year with a trading loss.

Price increases have been implemented on some products in the division to recover margins, the pace of product development has been accelerated and costs reduced throughout the business.

Mr Abrahams said these initiatives were starting to show through, and he anticipated improved results in the second half.

At the period-end gearing stood at 31.7 per cent, compared with 39.8 per cent in April. It was expected to rise "modestly" towards the end of the year.

Triton Energy bids for UK minority

By David Blackwell

Triton Energy, the independent US oil and gas company, yesterday made an offer equivalent to 37½p for the shares of UK-based Triton Europe that it does not already own.

The offer values Triton Europe at £30.9m. Triton Energy already owns 59.47 per cent of the company, which wrote down the value of its oil and gas properties by £41m last September.

Triton Europe's main interest lies in the Paris basin, which has been suffering from declining production. It incurred a loss of £50m for the year to May 31.

The consideration will be satisfied by the issue of new unlisted 5 per cent convertible preferred stock in Triton Energy.

The shares closed yesterday at 33p, up 13p.

The independent directors are recommending the offer. Mr Bill Smith, one of the independent directors, said the company's exploration had proved unsuccessful and there was no liquidity in the shares.

The three largest minority shareholders – Provident Mutual, Legal & General and LL Capital Partners – intend to vote in favour. The three own or control 18.3 per cent of the company, or just over 45 per cent of the shares not owned by Triton Energy.

Shareholders can also elect to receive cash up to a maximum of $10,000 each subject to a maximum cash outlay by Triton Energy of $2m (£1.3m).

Colorvision in red as market share suffers

Colorvision, the Liverpool-based television and video retailer, fell into losses of £1.26m pre-tax in the 26 weeks to September 30, against profits of £153,000.

Mr Neville Michaelson, chairman, said that following his warning that there had been no improvement in sales in the first quarter, trading deteriorated in the next three months, traditionally the quietest time of the year.

He added that market share had fallen in core markets. He blamed inconsistent marketing campaigns, concentration of senior management on superstore development and overemphasis on cost savings in operational management.

The shares lost 17p yesterday to close at 98p.

However, Mr Michaelson added that remedial action had been taken and with third quarter sales 7.4 per cent ahead of the comparable period, market share and gross margins recovered.

During December the company opened a second superstore in Liverpool. And Mr Michaelson said that since he had last reported two more high street stores had opened but two store concessions had closed.

That took the number of outlets, including the superstores, to 90.

Turnover for the first half was £26m (£26.7m). Losses per share came out at 4p (0.5p earnings).

However, in view of the improved second half trading the interim dividend is held at 2.5p and the board expects to be able to maintain the total for the year at 5.6p.

Vardy buys Swithland sites

Reg Vardy, the multi-franchise motor retail group, has acquired three sites from KPMG Peat Marwick, the administrative receiver for Swithland Motors, the failed Midlands-based group.

The sites – in Woodgate and Blackbird Road, Leicester and Hall Green, Birmingham – are to be extensively redeveloped before opening as franchised dealerships in the spring.

Fiat and Alfa Romeo will be represented at Hall Green and one of the Leicester locations, while Vardy may relocate its Audi Volkswagen dealerships to the other newly acquired site.

The deal takes Vardy's dealership total to 29 – of which 26 are operational - and comes two weeks after it acquired a sizeable Toyota/Lexus franchise in Newcastle upon Tyne.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

	UNITED STATES Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	JAPAN Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	279.8	−174.2	−162.5	0.7623	100.0	230.8	76.0	64.5	180.50	100.0
1986	230.9	−140.6	−152.7	0.9836	80.2	211.1	96.2	86.9	165.11	124.4
1987	220.2	−131.8	−145.0	1.1541	70.3	197.3	86.1	75.5	166.58	133.2
1988	272.5	−100.2	−107.5	1.1833	66.0	219.8	80.7	66.6	151.51	147.3
1989	330.2	−99.3	−92.2	1.1017	69.4	245.3	70.5	52.4	151.87	141.9
1990	309.0	−79.3	−72.1	1.2745	65.1	220.0	50.1	28.3	183.94	126.0
1991	340.5	−53.5	−6.7	1.2391	64.5	247.4	83.1	62.9	166.44	137.0
1992	345.8	−64.1	−51.2	1.2957	62.9	254.8	101.8	89.8	164.05	142.9
4th qtr.1992	91.5	−17.4	−18.7	1.2658	64.2	65.2	26.9	24.8	155.57	149.7
1st qtr.1993	95.1	−21.8	−18.7	1.1920	66.4	72.4	29.8	30.2	144.38	158.5
2nd qtr.1993	95.3	−25.4	−22.5	1.2069	64.3	73.4	28.0	26.3	132.76	172.4
3rd qtr.1993	99.8	−27.4	−24.5	1.1443	65.4	79.8	31.9	28.0	120.89	183.7
November 1992	30.5	−6.3	n.a.	1.2372	65.1	22.1	9.1	9.3	153.22	150.3
December	31.6	−5.6	n.a.	1.2391	65.3	21.7	8.8	7.8	153.57	150.7
January 1993	30.9	−6.3	n.a.	1.2132	66.4	23.0	8.9	7.4	151.67	151.3
February	31.2	−6.7	n.a.	1.1839	66.7	23.9	10.5	9.4	142.87	159.2
March	33.0	−8.9	n.a.	1.1789	66.2	25.5	10.4	13.6	138.61	164.4
April	31.5	−8.3	n.a.	1.2214	64.3	24.6	10.0	9.7	137.17	167.8
May	32.0	−6.9	n.a.	1.2161	63.9	23.5	10.1	8.9	134.15	171.0
June	31.8	−10.2	n.a.	1.1833	64.5	25.4	8.9	7.5	126.97	178.2
July	32.7	−9.2	n.a.	1.1349	65.9	26.9	11.5	9.9	122.24	181.1
August	33.8	−8.9	n.a.	1.1251	65.7	26.5	9.6	8.5	116.79	188.2
September	33.1	−9.1	n.a.	1.1728	64.7	26.4	10.7	9.8	123.63	181.8
October	34.6	−9.0	n.a.	1.1597	65.5	24.7	9.7	9.0	124.03	180.4
November				1.1282		24.6	9.5	8.1	121.66	

	GERMANY Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	FRANCE Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*242.8*	*33.4*	*21.7*	*2.2260*	*100.0*	133.4	−3.6	−0.2	6.7942	100.0
1986	*248.6*	*53.4*	*40.3*	*2.1279*	*108.8*	127.1	0.0	3.0	6.7946	102.8
1987	*254.3*	*56.8*	*39.8*	*2.0710*	*115.3*	128.3	−4.6	−3.7	6.9265	103.0
1988	*272.6*	*61.6*	*42.9*	*2.0739*	*114.6*	141.9	−3.9	−3.4	7.0354	100.8
1989	*310.2*	*65.3*	*52.3*	*2.0631*	*113.5*	162.9	−6.3	−3.6	7.0169	99.8
1990	323.9	51.8	37.2	2.0537	119.1	170.1	−7.2	−7.2	6.9202	104.8
1991	327.4	11.2	−16.2	2.0480	117.7	175.4	−4.2	−4.9	6.9643	102.7
1992	330.6	16.9	−19.5	2.0187	121.2	182.5	4.4	2.7	6.8420	106.0
4th qtr.1992	82.2	3.4	−4.1	1.9593	125.0	45.8	1.3	2.2	6.6529	109.3
1st qtr.1993	76.9	4.5	−4.0	1.9476	125.6	42.9	2.2	1.5	6.6067	110.0
2nd qtr.1993	75.2	7.4	−2.6	1.9530	124.0	44.0	3.2	3.1	6.6118	109.7
3rd qtr.1993	76.6	7.0	−9.1	1.9180	123.9	44.2	3.5	4.2	6.6508	106.4
November 1992	26.8	0.9	−0.3	1.9634	124.0	15.1	0.10	0.27	6.6426	109.0
December	26.7	0.0	−2.5	1.9581	125.3	15.4	0.93	1.46	6.6783	108.9
January 1993	25.4	1.4	−2.7	1.9592	125.3	13.9	0.53	0.92	6.6437	109.7
February	27.4	1.5	−1.9	1.9437	125.8	14.7	0.78	0.49	6.5846	110.3
March	24.0	1.6	0.6	1.9399	125.7	14.4	0.98	0.08	6.5919	109.9
April	25.5	1.7	−2.4	1.9483	125.5	14.5	0.95	0.40	6.5875	110.5
May	24.6	2.8	−1.1	1.9548	124.1	15.1	1.60	2.52	6.6636	109.8
June	24.7	2.9	0.5	1.9559	122.6	14.4	0.66	0.13	6.5842	108.9
July	23.6	2.5	−3.8	1.9463	122.0	14.6	1.58	1.50	6.6299	107.0
August	26.3	1.9	−3.5	1.9081	123.6	14.3	0.43	1.33	6.6761	105.3
September	26.0	2.5	−1.3	1.8696	126.1	15.3	1.49	1.36	6.6465	107.0
October			−1.8	1.8995	126.2	14.5	1.30		6.6631	106.9
November				1.9182					6.6637	

	ITALY Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	UNITED KINGDOM Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	103.7	−16.0	−5.4	1443.0	100.0	132.4	−5.7	3.8	0.5890	100.0
1986	99.4	−2.5	−1.4	1461.6	101.4	108.3	−14.2	−1.3	0.6708	91.6
1987	100.7	−7.5	−2.1	1494.3	101.2	112.3	−16.4	−7.1	0.7047	90.1
1988	108.3	−8.9	−8.0	1536.8	97.8	120.9	−32.3	−25.0	0.6643	95.5
1989	127.8	−11.3	−17.0	1509.2	98.6	137.0	−36.7	−33.4	0.6728	92.6
1990	133.6	−9.3	−18.0	1523.2	100.6	142.3	−26.3	−25.6	0.7150	91.3
1991	137.0	−10.5	−17.1	1531.3	98.9	147.7	−14.7	−10.9	0.7002	91.7
1992	137.9	−8.0	−20.6	1591.5	95.7	145.1	−18.2	−11.6	0.7359	88.4
4th qtr.1992	34.9	0.0	−3.8	1719.4	87.1	34.6	−5.4	−2.9	0.8015	79.8
1st qtr.1993	32.4	0.7	−2.4	1839.8	80.5	37.6	−3.8	−3.3	0.8017	78.5
2nd qtr.1993	36.7	3.9	2.3	1814.2	81.2	37.7	−3.9	−3.0	0.7862	80.2
3rd qtr.1993				1813.0	79.8	40.4	−3.5	−2.4	0.7605	81.0
1992 November	10.8	−1.2	−2.4	1687.0	86.7	11.5	−1.6	n.a.	0.8100	78.3
December	11.6	1.1	−0.4	1747.6	85.6	11.5	−2.4	n.a.	0.7976	80.0
1993 January	9.7	0.5	−1.9	1809.3	82.5	12.6	−1.4	n.a.	0.7809	80.6
February	11.0	0.4	−0.0	1833.6	80.8	12.4	−1.3	n.a.	0.8179	76.8
March	11.7	−0.0	−0.5	1876.4	78.6	12.6	−1.1	n.a.	0.8061	78.2
April	11.8	1.1	0.3	1871.4	79.0	12.3	−1.5	n.a.	0.7894	80.5
May	12.4	1.2	0.9	1793.2	82.2	12.5	−1.2	n.a.	0.7855	80.5
June	12.8	1.6	1.1	1778.0	82.5	12.8	−1.2	n.a.	0.7837	79.6
July	14.7	4.4	3.0	1796.8	80.8	13.2	−1.5	n.a.	0.7585	81.3
August	7.6	0.8	1.6	1804.2	79.7	13.9	−0.5	n.a.	0.7545	81.0
September	12.0	0.9	−1.3	1838.0	78.9	13.4	−1.4	n.a.	0.7685	80.8
October				1854.9	78.2	13.6	−0.7	n.a.	0.7712	80.4
November				1880.7					0.7620	

Due to the introduction of the Single Market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

COMMODITIES AND AGRICULTURE

Suppliers braced for aluminium output cuts

By Kenneth Gooding, Mining Correspondent

Suppliers of bauxite and alumina, the main raw materials for aluminium, are bracing themselves to face some of the worst market conditions in living memory if talks, starting in Brussels today, for co-ordinate cuts in international aluminium production are successful.

Even without more cuts by aluminium producers, western world alumina is heading for a supply surplus of more than 1m tonnes in 1994 and next year compared with demand of about 34m tonnes, says Mr Tim Armstrong at the CRU International research organisation. "If substantial [aluminium] cuts are agreed, the market for alumina [aluminium oxide] and bauxite [aluminium ore] will be appalling. Prices will go to historically low levels and stay there for a couple of years."

Trade representatives from Australia, Canada, the European Union, Norway, Russia and the US start two days of negotiations this week and hope to agree terms for a reduction in world annual aluminium output of up to 2m tonnes to help bring supply and demand back into balance.

Australia is by far the biggest producer of aluminium's raw materials, with an annual capacity of about 42m tonnes of bauxite and 13m tonnes of alumina, according to Billiton-Enthoven Metals, part of the Royal Dutch/Shell group. Other big bauxite suppliers include Guinea in Africa, about 16.3m tonnes; Jamaica, 11m tonnes: and Brazil 10.3m tonnes. Jamaica also features among the foremost alumina producers, with annual capacity of 3.5m tonnes, not far short of the 5m tonnes in North America. (It requires about two tonnes of bauxite to produce one tonne of alumina and about two tonnes of alumina to produce one tonne of aluminium).

Most bauxite and alumina is sold via long-term contracts but the spot market price, which peaked at US$700 a tonne in 1988, averaged between $180 and $200 last year and is now down at $140.

Mr Armstrong said that CRU's latest report* showed that demand from the Commonwealth of Independent States had helped buoy up international bauxite and alumina prices in the past two years at a time when aluminium prices crashed to all-time lows because of an unexpected surge in exports from the former Soviet Union.

Now the alumina refiners were feeling the full impact of aluminium output cuts announced by western producers last year.

Alumina Costs and Market Outlook 1992-96: £6,200; CRU International, 31 Mount Pleasant, London WC1X 0AD, UK.

Indian tea industry believes record crop gathered in 1993

By Kunal Bose in Calcutta

Industry estimates put India's 1993 tea output at an all-time high of over 750m kg, compared with 703.9m in 1992, when all major tea growing countries suffered major setbacks.

Aided by favourable weather in every production centre, India, according to the country's Tea Board, had harvested a crop of 715m kg by the end of November, up 49m kg over the corresponding period of the previous year. "Since the weather in December was quite good, the production last month must have been more than 40m kg. Generally, India produces around 40m kg of tea in December," said Mr H.M. Parekh, chairman of J. Thomas, India's biggest tea broking firm.

Mr H.P. Barooah, chairman of Indian Tea Association, agreed with the production estimate. While the two south Indian states of Tamil Nadu and Kerala had made a significant contribution to the improvement in production, Assam and West Bengal in the north had recorded handsome gains. "Not only had India produced a record quantity of tea, but there also had been an improvement in the quality of tea grown in the north Indian gardens. It is time the south Indian tea estates gave attention to the quality aspect," said Mr Parekh.

Almost the extra production in 1993 had been in the form of CTC (cut, tear and curl) tea, for which demand is growing steadily both within and outside the country.

Despite the marked improvement in production, said Mr Parekh, the industry realised much better prices for all kinds of teas last year. At the Calcutta auction, CTC tea fetched an average price of Rs52.54 (£1.12) a kilogram, up from Rs41.83 in 1992. At Rs55.76 a kilogram, orthodox tea was dearer by Rs12.73. The Darjeeling tea price rose by nearly Rs17 to Rs94.52 a kilogram.

As a result, the majority of tea companies earned handsome profits during 1993. According to industry officials, the strong rise in domestic demand, particularly for quality tea, and the improvement in exports contributed to the rise in auction prices.

"We think, India's tea export last year rose to about 200m kg from 173m kg. This happened as the Commonwealth of Independent States stepped up its purchase by 30m kg to 80m kg. But less Indian tea had been shipped to the UK," said Mr Parekh. While the export of tea to Poland had been *maintained* at 14.5m kg, shipments to Egypt and Iran had declined. The United Arab Emirates, however, had bought more.

It is too early for the industry officials to make any forecast for the current year's tea crop as plucking in north India does not get fully into gear until March. They are, however, worried that north India had not received any rains since October. "North India must receive a few showers now for the March tea production to be good," they said.

A season of flood, mud and misery

Seeds are perishing and sugar-beets remain unharvested in Britain's sodden fields

FARMER'S VIEWPOINT

By David Richardson

Apart from a few snow showers there has been no precipitation of any significance in Norfolk for four days, but the lawn outside the office window of my farmhouse is flooded in several places to a depth of two to three inches. It has been like that for at least six weeks and as I write I can see that the pair of blackbirds who have recently adopted the largest puddle as their bathing place are back for their morning dip.

Beyond the garden hedge is a field of wheat – at least that is what was planted at the end of November after the sugar-beet had been lifted from the already wet land. The seeds did not go in at all well and by no means all have so far germinated. The soil was saturated by 30 inches of rain during the six months before planting (compared with a long-term annual average of 23 inches per year) and I was not very optimistic at the time.

In the event almost continuous rain since the beginning of December has "puddled" on the surface and in some places, such as the inevitable tractor wheel marks made during cultivations and planting, water has been lying ever since. It is highly unlikely that seeds beneath these mini-floods will have survived. Moreover, in a low corner on the far wide of the field about half an acre is flooded to a depth of several inches. We tried clearing drains and ditches that might allow the water to run away but to no avail. The soil is saturated and cannot take any more – that area must now be considered a total write off.

At the back of the farmyard *there are lambs on a meadow.* But it does not look much like a meadow at present. In fact there is more mud than grass – the inevitable result of tiny hooves on saturated land together with the wheelings of the tractor and trailer used to deliver roots for the lambs to eat.

I am at least thankful that we do not have outdoor pigs on this farm. After a series of mild, dry winters, and attracted by the relative economy of keeping pigs outside, without expensive buildings, many farmers have adopted outdoor systems. Some have put pigs on to land that is frankly unsuitable. Only sandy, free-draining soils are really appropriate.

But this winter is illustrating why many pig farmers, myself included, brought our pigs inside, off inappropriate land, many years ago. For pigs are far harder on the land than sheep. Quite apart from their habit of "rooting" the soil with their snouts, they carry several times as much weight as sheep on feet that are not much bigger.

When the land is as wet as it is now pigs sink up to their bellies. Indeed they find it difficult to get around at all in *deep mud and it is even worse* when that mud freezes into a landscape as hard and abrasive as petrified volcanic lava.

Furthermore pigs have no woolly coats to keep them warm and dry during the worst excesses of winter. I feel sorry for them and for those who have to look after them under such conditions.

But my greatest immediate worry is for 30 acres of unharvested sugar-beet. They should of course, have been harvested long ago, in line with the recommendation by British Sugar, the monopoly processor of all UK beet, that roots should be lifted and piled way before Christmas.

That is what we usually try to do; but last season, a heavy national crop and the decision of British Sugar to extend the processing season in order to make better use of its factories, meant that some of our November-lifted roots were still on the farm until the end of February. By that time some of them had gone rotten and British Sugar refused to accept them. Indeed we had to sort hundreds of tonnes by hand to remove the rotten ones and sell the rejects at a low price for sheep and cattle feed.

Needless to say we wanted to avoid a repeat of that experience and when the same situa*tion appeared to be building up* again – in other words that British Sugar might again extend processing until the end of February or beyond – we, along with a great many other sugar-beet growers, decided to take the risk of leaving some lifting until the new year. The reasoning behind this was that the beets keep a lot better in the soil than in a heap.

Unfortunately we reckoned without the rain and at the last count some 5 per cent of the national sugar-beet crop remained in the ground. In Norfolk, where I farm, the figure was 12 per cent.

Sugar-beet growers are now battling to recover what they can of the crop in the full knowledge that they are unlikely to harvest it all. The contractor who lifts our beet, for instance, last week spent two and a half days digging his machine out of a bog on one of our fields – a bog that had never been there before.

At a potential value of about £600 an acre the 30 acres at risk on our farm are worth £20,000. But the land on which they are growing is scheduled for set-aside in 1994. To qualify for the arable area payment on that land we should, according to EU regulations, have cleared the land by January 15. It was therefore with great relief that *we learned last weekend that* the minister of agriculture, Mrs Gillian Shephard, has succeeded in persuading officials in Brussels to extend the deadline to the end of February.

Now the battle with the elements is to get as many beets as possible lifted and delivered to processing factories before they are closed, probably during the third week in February, by British Sugar – the company that gut us into this mess in the first place.

MARKET REPORT

Base metals prices extend rally

Base metals prices continued last week's rally at the London Metal Exchange yesterday before settling back under pressure from profit-taking.

As speculative activity remained predominant the three months **COPPER** price hit a four-month high of $1,860 a tonne at one point and fin*ished at $1,845, still up $19* from Friday's kerb close.

In the **ALUMINIUM** market traders jockeyed for position ahead of today's crucial multilateral talks in Brussels on curbing the present glut. The three months price hit a 5½-month high of $1.231 a tonne as talk circulated that other producers might follow the output cut announced by Alcan of Canada last Thursday. But the price sagged to end the kerb session at $1,215.50 a tonne, up $10.50 from Friday.

Among the other metals **NICKEL** prices hit 8½-month highs but failed to break resistance at $6,000 a tonne and the **LEAD** market proved unable to extend its gains beyond the 14½-month highs seen in the morning. **ZINC** absorbed a bout *of profit-taking to* finish $8 up at $1,033 a tonne in the three months position.

At the London bullion market **SILVER** continued to set the pace with an early rise to a 5-month high of 534 cents a troy ounce. It edged back to close 13 cents up on balance at 531.5 cents.

London's cocoa and coffee futures markets both ended the day quietly firm, but traders said the limited interest meant prices remained within existing ranges. At the London Commodity Exchange the May **COCOA** position closed at £937 a tonne, up £7, while March **COFFEE** gained $10 at 1,199 a tonne.

Traders said continuing concern over Ivory Coast shipments was underpinning the cocoa market but noted that the marketing board and shippers were expected to meet this week to sort out problems resulting from last week's devaluation of the CFA franc.

Coffee's rise lacked any real momentum, traders said, and light Far East producer selling was again capping the March price at around $1,200 a tonne, the top end of its recent range. "I can't see it breaking through just yet," one said.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1198.5-9.5	1217-8
Previous	1188-9	1205.5-6
High/low	1200.5/1200	1232/1210
AM Official	1200-0.5	1219-9.5
Kerb close		1214.5-5
Open int.	279,088	
Total daily turnover	93,714	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1011-3	1036-8
Previous	1007-9	1031-3
High/low	1014	1053/1040
AM Official	1014-5	1039-40
Kerb close		1035-40
Open int.	2,733	
Total daily turnover	693	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	496.5-7.5	509-10
Previous	496-7	508-9
High/low	499.5	520/508
AM Official	499.5-500	512-3
Kerb close		510-1
Open int.	33,022	
Total daily turnover	10,245	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5770-5	5835-40
Previous	5690-700	5755-60
High/low		5970/5770
AM Official	5819-21	5860-5
Kerb close		5800-10
Open int.	54,262	
Total daily turnover	12,972	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5040-50	5095-100
Previous	4965-75	5020-5
High/low		5170/5090
AM Official	5070-5	5120-5
Kerb close		5070-80
Open int	16,839	
Total daily turnover	6,420	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1014.5-5.5	1034-5
Previous	1004-5	1023-4
High/low		1035.5/1028
AM Official	1015.5-6	1035-5.5
Kerb close		1032-3
Open int.	101,931	
Total daily turnover	16,687	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1830-1	1852-3
Previous	1806.5-7.5	1827-8
High/low		1862/1835
AM Official	1835-5.5	1856-7
Kerb close		1844-5
Open int.	256,767	
Total daily turnover	110,391	

■ LME AM Official £/$ rate: 1.4932
LME Closing £/$ rate: 1.4922

Spot:1.4920 3 mths:1.4842 6 mths:1.4780 9 mths:1.4735

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open Int	Vol
Jan	85.00	+0.30	85.00	84.95	1,084	143
Feb	84.90	+0.50	84.85	84.75	1,271	72
Mar	85.00	+0.50	85.60	84.70	39,225	10,087
Apr	85.00	+0.50	-	-	738	22
May	84.95	+0.45	85.50	84.70	8,576	1,912
Jun	85.00	+0.40	-	-	851	5
Total					66,055	13,023

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	392.30-392.70	
Opening	392.80-393.20	
Morning fix	392.60	262.837
Afternoon fix	392.30	262.989
Day's High	393.00-393.40	
Day's Low	391.80-392.20	
Previous close	389.80-390.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.72	6 months	2.75
2 months	2.72	12 months	2.80
3 months	2.72		

Silver Fix	p/troy oz.	US cts equiv.
Spot	357.80	543.35
3 months	362.25	538.15
6 months	366.75	542.55
1 year	375.35	582.25

Gold Coins	$ price	£ equiv.
Krugerrand	393-396	264-267
Maple Leaf	403.65-406.15	-
New Sovereign	91-94	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
Jan	391.8	+2.1	-	-	-	-
Feb	392.2	+2.1	393.9	392.1	74,749	31,078
Mar	393.1	+2.1	394.0	394.0	15	8
Apr	394.3	+2.1	396.0	394.3	26,140	10,117
Jun	396.1	+2.1	397.9	396.2	24,012	948
Aug	398.1	+2.1	399.5	398.8	4,476	129
Total					158,277	43,312

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
Jan	395.5	+5.7	-	-	85	1
Apr	396.5	+4.7	397.0	395.1	16,177	1,249
Jul	398.0	+4.7	399.0	397.0	2,488	114
Oct	399.5	+4.7	-	-	374	8
Jan	400.9	+4.7	-	-	139	7
Total					19,244	1,379

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
Mar	126.00	+1.65	126.00	125.00	3,146	126
Jun	125.65	+1.65	125.50	124.75	1,171	89
Sep	125.40	+1.65	-	-	118	27
Dec	124.90	+1.65	-	-	74	2
Total					4,509	242

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
Jan	530.8	+9.9	531.0	523.0	1	-
Feb	531.8	+9.7	-	-	5	5
Mar	533.2	+9.7	536.0	531.0	71,168	12,356
May	536.6	+9.7	540.0	534.0	13,377	909
Jul	539.8	+9.7	542.5	537.5	8,812	294
Sep	543.1	+9.7	545.0	544.0	2,631	19
Total					109,656	13,682

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open Int	Vol
Feb	15.17	+0.39	15.29	14.78	84,589	61,484
Mar	15.31	+0.35	15.42	15.00	104,413	55,372
Apr	15.45	+0.31	15.55	15.30	41,619	13,752
May	15.63	+0.31	15.69	15.67	28,942	8,069
Jun	15.77	+0.33	15.83	15.75	40,038	6,808
Jul	15.99	+0.33	16.00	15.90	17,134	2,348
Total					443,141	15,336

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open Int	Vol
Mar	14.14	+0.41	1423	1405	22,563	20,250
Apr	14.18	+0.37	1427	1414	85,434	5,558
May	14.30	+0.28	1443	1426	25,777	1,327
Jun	14.51	+0.24	1457	1446	10,854	1,132
Jul	14.60	+0.13	1474	1460	7,862	1,250
Aug	14.75	+0.09	1489	1475	6,647	1,296
Total					141,748	31,058

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open Int	Vol
Feb	53.45	+2.18	53.70	51.35	44,050	33,055
Mar	49.50	+1.60	49.75	48.50	43,626	21,994
Apr	46.70	+0.90	47.10	46.20	28,150	11,214
May	45.75	+0.70	46.00	45.50	29,072	4,987
Jun	45.80	+0.65	46.00	45.50	20,752	4,022
Jul	46.20	+0.80	46.50	46.20	14,153	1,955
Total					204,400	78,415

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Feb	152.00	+1.50	154.00	151.50	34,964	8,444
Mar	150.25	+2.00	151.50	149.50	20,380	8,072
Apr	147.75	+1.25	149.00	147.00	15,990	2,722
May	146.75	+1.00	148.25	146.50	8,040	1,289
Jun	146.75	+1.00	148.00	146.00	14,620	1,418
Jul	147.75	+0.75	148.50	147.25	7,608	898
Total					116,480	21,402

■ NATURAL GAS NYMEX (10,000 mmBtu., $/mmBtu.)

	Latest price	Day's change	High	Low	Open Int	Vol
Feb	2.355	+0.087	2.405	2.340	20,815	16,274
Mar	2.190	+0.051	2.239	2.180	15,741	12,207
Apr	2.065	+0.025	2.120	2.060	16,990	5,860
May	2.020	+0.010	2.070	2.010	9,866	3,655
Jun	2.000	+0.005	2.050	1.995	7,256	2,010
Jul	1.985	-	2.030	1.980	7,584	2,040
Total					128,176	51,441

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open Int	Vol
Feb	42.25	-0.31	43.40	42.15	33,208	16,378
Mar	43.50	+0.19	44.15	43.25	33,508	8,166
Apr	46.50	+0.36	46.80	46.30	26,371	4,364
May	47.39	+0.38	47.75	47.10	29,913	2,536
Jun	47.85	+0.32	48.10	47.80	10,841	899
Jul	48.50	+0.46	48.50	48.45	2,482	475
Total					140,431	32,912

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	99.55	-0.25	99.70	99.50	52	22
Mar	100.70	-0.20	100.75	100.65	1,949	15
May	101.70	-0.20	101.70	101.65	1,663	26
Jun	102.15	-0.60	102.25	102.25	185	6
Sep	91.20	-	-	-	137	-
Nov	91.85	+0.10	92.00	91.85	641	37
Total					4,830	108

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	384/2	-3/6	387/0	384/0	143,470	24,650
May	366/0	-2/2	368/4	365/4	46,840	4,760
Jul	353/2	-1/6	355/0	352/4	76,295	12,865
Sep	355/0	-1/2	355/4	354/2	10,640	460
Dec	362/6	-1/4	363/6	362/0	10,930	405
Jul	328/0	-0/4	-	-	20	-
Total					287,995	43,140

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	307/2	-2/6	310/0	306/0	670,410	93,770
May	311/4	-3/2	314/4	310/4	437,085	35,780
Jul	312/0	-3/2	315/0	311/0	376,385	28,715
Sep	290/6	-1/0	292/2	290/0	70,060	6,980
Dec	272/4	+0/2	273/6	272/0	200,795	25,790
Mar	278/2	+0/2	279/4	277/4	12,320	1,010
Total					1.771M	192,785

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	104.25	-	104.25	104.25	95	56
Mar	105.45	-0.15	-	-	717	-
May	106.50	-0.50	-	-	203	-
Sep	92.75	-0.05	92.80	92.80	40	5
Nov	94.90	-0.05	95.00	95.00	53	2
Jan	96.50	-0.20	-	-	-	-
Total					1,108	63

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	702/4	-6/2	711/0	699/4	15,615	18,540
Mar	709/6	-7/0	719/0	708/6	430,225	165,120
May	715/4	-6/4	724/0	713/0	188,265	39,000
Jul	715/4	-6/4	723/4	712/4	166,690	30,555
Aug	707/2	-6/6	716/4	705/4	27,390	3,305
Sep	679/6	-7/2	688/0	678/4	16,565	2,235
Total					926,205	276,770

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	30.43	-0.11	30.50	30.03	4,326	2,177
Mar	30.37	-0.11	30.48	29.93	43,366	15,565
May	30.03	-0.07	30.14	29.58	18,935	3,580
Jul	29.45	-0.03	29.47	29.09	14,496	4,333
Aug	28.93	-0.07	28.95	28.64	6,138	427
Sep	28.13	-0.13	28.30	27.90	4,462	971
Total					98,547	30,392

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	196.3	-1.8	199.0	196.2	2,613	697
Mar	197.7	-2.3	201.0	197.5	40,245	9,982
May	198.6	-2.8	202.3	198.5	18,093	1,602
Jul	199.7	-2.9	203.5	199.6	14,044	1,821
Aug	198.2	-2.6	201.5	198.2	5,852	862
Sep	196.3	-2.7	199.5	196.0	3,012	392
Total					87,710	16,545

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	140.0	-	-	-	34	-
Apr	105.8	-2.9	108.0	104.0	1,925	239
May	124.8	-3.2	125.0	123.9	737	59
Jun	130.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,696	298

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	1244	-11	1245	1245	746	18
Feb	1289	-11	-	-	225	-
Mar	1305	-20	1300	1300	155	5
Apr	1314	-13	1330	1310	1,014	29
Jul	1183	-	-	-	220	-
Oct	1330	-15	-	-	221	-
Total					2,638	52

	Close	Prev
BFI	1242	1240

Tea

There was improved demand for landed, with emphasis on better liquoring teas, reports the Tea Brokers' Association. Colouy Assams sold well, particularly pd's, but prices were 2 to 6p easier with quality, while plain sorts were again neglected. Bright and good medium east Africans often gained several pence but plainer descriptions were irregular and barely steady. Ceylons met good but selective demand with better sorts firm and lower quality teas tending easier. Offshore: good general demand. Brighter teas were firm to dearer but plainer types were sometimes easier. Quotations: quality 165p/kg, good medium 140p/kg, medium 108p/kg, low medium 90p/kg. The highest price realised this week was 166p/kg for a Rwanda pd.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	930	+8	935	923	35,037	925
May	937	+7	945	932	14,345	916
Jul	949	+7	952	945	10,575	208
Sep	962	+7	968	955	10,590	393
Dec	977	+10	980	966	14,352	223
Mar	991	+9	990	990	24,721	130
Total					126,663	2,795

■ COCOA CSCE (10 tonnes, $/tonnes)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	1161	-16	1185	1157	31,992	5,992
May	1196	-13	1217	1192	16,293	1,695
Jul	1228	-13	1248	1228	10,514	489
Sep	1253	-15	1268	1255	6,589	207
Dec	1273	-17	1292	1276	6,447	41
Mar	1293	-12	1310	1310	7,536	1
Total					89,043	8,565

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Jan 14		
Daily	936.86	933.56
Jan 17		
10 day average	922.58	921.24

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	1185	+11	1188	1182	603	182
Mar	1199	+10	1203	1195	14,669	590
May	1201	+10	1206	1195	10,486	391
Jul	1197	+12	1201	1193	2,564	322
Sep	1200	+12	1201	1201	1,358	1
Nov	1200	+13	1201	1201	894	1
Total					31,405	1,488

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	73.70	-0.25	74.80	73.25	34,849	6,538
May	75.40	-0.15	76.15	74.95	12,384	1,356
Jul	76.95	-0.05	77.50	76.35	3,827	353
Sep	78.15	-0.35	78.70	78.15	2,487	107
Dec	79.85	-0.30	80.70	80.00	1,357	16
Mar	81.50	-0.35	81.50	81.50	765	5
Total					55,672	8,376

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Jan 14		
Comp. daily	69.25	69.23
15 day average	69.38	69.51

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	10.59	-0.23	10.85	10.81	1,109	151
May	11.12	-0.17	11.20	11.07	723	145
Jul	11.32	-0.21	-	-	2,868	
Oct	11.08	-0.20	-	-	54	
Total					4,764	296

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	288.00	-2.00	290.50	287.20	6,947	1949
May	288.30	-3.80	291.70	287.10	2,545	1262
Aug	293.20	-2.90	296.40	293.10	1,460	95
Oct	282.80	-2.40	288.00	282.70	1,903	117
Dec	281.50	-2.50	-	-	80	-
Mar	282.50	-2.70	-	-	63	-
Total					12,999	3,423

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	10.40	-0.26	10.70	10.36	47,687	4,252
May	10.82	-0.20	11.02	10.77	27,844	2,834
Jul	10.77	-0.21	10.99	10.75	16,428	380
Oct	10.74	-0.20	10.93	10.71	15,409	849
Mar	10.73	-0.20	10.91	10.73	2,797	336
May	10.74	-0.20	-	-	111	75
Total					110,388	8,726

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	70.18	+0.20	70.46	69.60	22,867	3,427
May	71.25	+0.20	71.50	70.75	14,617	2,310
Jul	72.13	+0.28	72.20	71.46	7,713	716
Oct	70.27	+0.17	70.35	69.90	1,466	116
Dec	68.88	+0.10	68.95	68.48	7,398	535
Mar	69.75	+0.25	-	-	61	-
Total					54,149	7,108

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	106.75	-4.75	109.75	106.75	280	105
Mar	108.15	-5.55	111.10	106.50	11,848	1,639
May	110.65	-4.95	112.70	110.60	2,518	621
Jul	112.75	-4.85	114.50	112.60	1,126	93
Sep	114.50	-4.85	-	-	753	6
Nov	116.00	-4.85	117.50	117.50	154	24
Total					17,114	2,491

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 17	Jan 14	month ago	year ago
1682.7	1687.2	1673.6	1708.5

■ CRB (Base: 4/9/56=100)

Jan 14	Jan 13	month ago	year ago
228.85	227.97	225.13	202.51

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Feb	74.125	-0.225	74.775	74.075	28,617	5,268
Apr	76.450	-0.425	77.150	76.400	25,333	3,411
Jun	74.275	-0.300	74.750	74.250	18,539	2,097
Aug	73.125	-0.125	73.325	73.025	9,563	506
Oct	73.175	-0.150	73.450	73.150	6,097	483
Dec	74.200	-0.100	74.300	74.150	1,170	102
Total					89,501	11,875

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Feb	48.525	+0.650	48.725	48.200	8,053	3,403
Apr	49.525	+0.325	49.800	49.300	9,436	2,636
Jun	54.475	-0.025	54.625	54.375	6,557	992
Jul	53.850	+0.100	54.050	53.750	2,943	167
Aug	52.575	+0.125	52.900	52.500	1,899	143
Oct	49.525	+0.075	49.750	49.500	1,568	129
Total					31,407	7,655

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Feb	56.075	+0.025	56.900	56.050	5,057	1,244
Mar	56.775	+0.250	57.450	56.750	2,316	488
May	58.050	+0.250	58.700	58.050	2,094	176
Jul	59.050	+0.500	59.125	58.550	1,704	68
Aug	56.175	-0.125	57.350	56.175	286	18
Total					11,457	1,992

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1200	58	78	40	43
1225	45	65	52	54
1250	35	54	66	67
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1800	85	113	40	48
1850	59	86	63	69
1900	38	63	92	95
■ COFFEE LCE	Mar	May	Mar	May
1150	67	96	18	45
1200	37	70	38	69
1250	19	50	70	99
■ COCOA LCE	Mar	May	Mar	May
875	65	87	10	25
900	48	71	18	34
925	33	58	28	46
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1400	52	80	42	-
1450	32	54	-	-
1500	4	38	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)

		+or-
Dubai	$13.00-3.10w	+.065
Brent Blend (dated)	$14.27-4.31	+.135
Brent Blend (Mar)	$14.12-4.14	+.095
W.T.I. (1pm est)	$15.31-5.33w	+0.08

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$146-148	-0.5
Gas Oil	$156-158	+0.5
Heavy Fuel Oil	$60-63	+2.0
Naphtha	$128-131	+0.5
Jet Fuel	$174-175	+1.5

Petroleum Argus Estimates

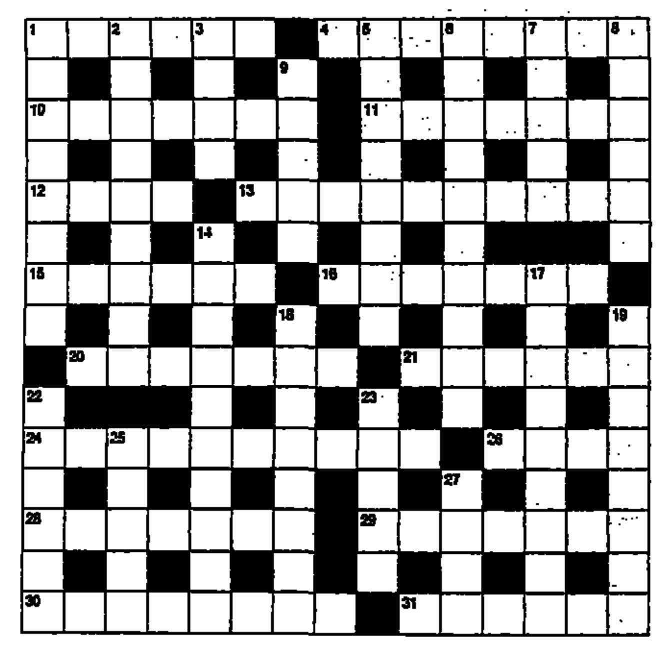
■ OTHER

Gold (per troy oz)♣	$392.50	+2.50
Silver (per troy oz)♣	531.5c	+13.0
Platinum (per troy oz.)	$392.65	+3.15
Palladium (per troy oz.)	$124.80	+1.15
Copper (US prod.)	87.0c	+1.0
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	13.42r	+0.62
Tin (New York)	235.50c	+1.00
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.94p	-0.47*
Sheep (live weight)†♠	98.17p	-2.67*
Pigs (live weight)	67.40p	+2.84*
Lon. day sugar (raw)	$258.00	-7.80
Lon. day sugar (wte)	$290.70	+0.10
Tate & Lyle export	£284.00	
Barley (Eng. feed)	£108.5	+0.50
Maize (US No3 Yellow)	£129.0	
Wheat (US Dark North)	£175.0	
Rubber (Feb)♥	60.75p	
Rubber (Mar)♥	61.00p	
Rubber(KL RSS No1 Feb)	219.5m	
Coconut Oil (Phil)§	$560.0x	-5.0
Palm Oil (Malay.)§	$395.0t	-2.5
Copra (Phil)§	$400.0	
Soyabeans (US)	£212.0y	
Cotton 'A' index	68.00c	+0.45
Wooltops (64s Super)	350p	+6

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Apr w Mar. z Jan/Mar. v Sep/Oct. t Feb/Mar. x Mar/Apr. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,356 Set by ALAUN



ACROSS

1 Even posh schools have such rooms! (6)
4 Clutching the big tip, gave more information on (8)
10 She gets flushed after a beer (7)
11 As a hint, tame animals and they're furry (7)
12 Await a favourable moment and increase the offer by a quarter (4)
13 Its purpose is defensive, so you don't lose the game (10)
15 Having caught, has held in irons (6)
16 Slips off outside to get the guns (7)
20 Machine that does better than and will beat others? (7)
21 Item of furniture that sounds suitable for the doctor's waiting room (6)
24 Who's got the hot milk? (3,7)
26 The sounds of hounds and horses (4)
28 Brings out valid points about (7)
29 Carry out, for each, a seat (7)
30 Attacks sport as "a worthless activity" (4,4)
31 Where it's established that you are truly the owner? (6)

DOWN

1 Reply to an invitation to visit again (8)
2 As the mother, having an older make-up in the play (9)
3 He's so fearsome yet so retiring (4)
5 Convert into what? No way! (3,1,4)
6 A desire to start speaking Hindustani (10)
7 Wanting too much for a start – I'm with you there (5)
8 She did without and gave the food to others (6)
9 Be very keen on making an entrance for the audience (5)
14 Modest – and not putting it on (10)
17 Not bothered, and went solo (4,5)
18 A packet not for the tiny tot (5,3)
19 Supposed it went on – on the quiet (8)
22 Second-best? That's really funny (6)
23 Nestling into grass that's really soft, is like a pig in clover (5)
25 The article is fine – grand (5)
27 Bird you may see on the deck of a ship (4)

Solution to Saturday's prize puzzle on Saturday January 29.
Solution to yesterday's prize puzzle on Monday January 31.

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Second line stocks continue to outperform

By Steve Thompson

London's equity market built on last Friday's outstanding performance, but closed well below the day's highs in the wake of a stuttering opening by Wall Street.

The US market was hit at the outset of trading by news of an earthquake affecting much of Los Angeles.

Nevertheless, the FT-SE 100 Index remained strongly in positive territory after further encouraging news on the UK economy in the form of better than expected producer prices and output numbers for December, plus industrial production figures for November.

Significantly, dealers highlighted another strong showing by the stock market's second-line issues as a powerful indicator of the underlying confidence in UK markets. Some determined buying across the board drove second-rank stocks sharply higher and pushed the FT-SE Mid 250 Index up 33.1 to an all-time peak of 3,948.8.

Turnover in London markets showed no signs of flagging after the recent long run of exceptionally high volumes. Yesterday saw 808.3m shares change hands, with non-Footsie stocks accounting for 556.8m shares, or 68.8 per cent of the total.

Figures released yesterday showed that the value of business in the equity market last Friday was worth £2.03bn, well above recent levels.

Share prices rose from the outset of trading, driven by renewed buying of the March future on the Footsie, said to have been executed by some of the big US investment banks. It was pointed out, however, that the US houses often act for leading UK institutions.

Account Dealing Dates		
*First Dealings:		
Jan 4	Jan 17	Jan 31
Option Declarations:		
Jan 13	Jan 27	Feb 10
Last Dealings:		
Jan 14	Jan 28	Feb 11
Account Day:		
Jan 24	Feb 7	Feb 21

*New time dealings may take place from two business days earlier.

And dealers also said there were strong indications that at least one of the powerful Scottish institutions had plunged into the market last Friday.

The early futures-inspired surge quickly ran out of steam, however, and it was buying, sometimes low key, in the cash market that sustained share prices and kept them in positive territory.

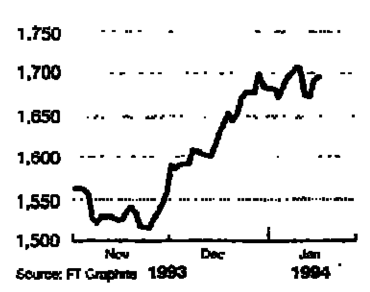
The FT-SE 100 Index rose more than seven points during the first hour of trading, before slipping back in mid-morning and then staging another strong upward move which saw it reach a session peak of 3,421.1. Thereafter, prices drifted back, influenced by the US earthquake news, to close a net 7.2 ahead at 3,407.8.

Some of the leading marketmakers said they were taken by surprise by last Friday's burst of buying interest, which they said was the result of sector rotation and the recent realignment of fund managers' asset allocations. But most remained confident that the market is underpinned by expected interest rate cuts. "If sterling continues to rise then rate cuts are definitely on the agenda," said one. Others adopted a much more cautious line, however. "The market feels heavy at Footsie 3,400; it is hard work from here onwards," said another.

Insurance issues were among the market's best performers early in the session but came off their best levels after the earthquake disaster news. But other financial stocks continued to attract sizeable support, notably the merchant banks, where those with big stock market operations were well to the fore. S.G. Warburg and Kleinwort Benson were outstanding.

Oil shares were mixed in spite of the sharp rise in crude oil prices, which responded to the cold snap in the US and lingering hopes that an emergency Opec meeting could still occur.

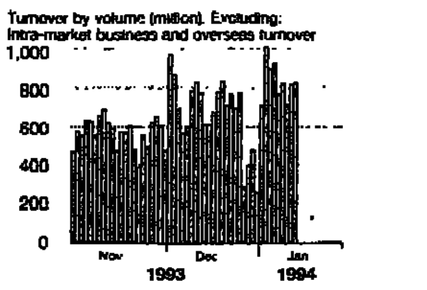
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT SE 100	3407.8	+7.2	FT Ordinary Index	2615.5	+3.4
FT-SE Mid 250	3948.8	+33.1	FT-SE-A Non Fins p/e	22.31	(22.05)
FT-SE-A 350	1714.6	+6.1	FT-SE 100 Fut Mar	3412.5	-3.5
FT-SE-A All-Share	1697.81	+6.43	10 yr Gilt yield	6.34	(6.33)
FT-SE-A All-Share yield	3.34	(3.35)	Long gilt/equity yld ratio:	2.04	(2.01)

Best performing sectors

1 Building & Const ... +2.1
2 Other Financial ... +1.9
3 Other Services & Bsns ... +1.7
4 Insurance ... +1.3
5 Print, Paper, Pckg ... +1.3

Worst performing sectors

1 Tobacco ... -1.0
2 Spirits, Wines, Cider ... -1.0
3 Chemicals ... -0.5
4 Retailers, Food ... -0.2
5 Transport ... -0.2

Provision worries hit Bae

Fears that British Aerospace may include provisions of around £200m in its next set of results saw the shares decline by 2.6 per cent, one of the worst performers in the FT-SE 100 Index.Talk in the market suggested that BAe would be making the provisions because of continuing problems at its troubled regional jets division, following the failure of talks last year with Taiwan Aerospace Corporation for a proposed joint venture.

Sentiment was further damaged by suggestions that Saudi Arabia may re-negotiate the lucrative contract for Hawk aircraft; and weekend press reports that the UK government may replace its transport fleet with US Lockheed aircraft instead of a European rival.

BAe is part of a consortium developing the European alternative. The shares gave up 10 to 414p in trade of 2.3m.

Reuters strong

News and financial information agency **Reuters Holdings** pushed forward in response to positive weekend press comment over last week's announcement of US expansion. Acquisition of the Quotron equity dealing arm of US bank Citicorp saw Reuters share price up 41 at best before being dragged back by US selling and closing 18 higher at 1902p.

Most analysts recommend the stock up to at least £20 a share, with the more bullish seeing it hit £22 to reflect an American Depositary Receipt price of $100.

There is also growing conviction that Reuters will shortly announce a share split, probably with end-of-year figures on February 8, in order to make the stock more attractive.

The earthquake in Los Angeles rumbled through sections of the insurance community, with **BAT Industries** and **Willis Corroon** the two groups to suffer from nervousness over heavy claims.

Tobacco-to-insurance conglomerate BAT has a US subsidiary called Farmers. Although Farmers merely manages mutual underwriting pools and has very little exposure BAT shares fell 5½ to 521p.

Meanwhile, insurance broker Willis Corroon, which has a US associate that does place earthquake insurance, fell 4 to 229p.

However, insurance analysts said few property owners in the San Fernando valley took out subsidiary premiums to cover earthquakes.

Food retailers managed to stay in mostly positive territory, continuing their strong new year run. BZW, one of the leading houses in the sector, yesterday reiterated its neutral stance, a move which was taken as a positive signal, given the one-way flow of negative news undermining the sector in the past 12 months.

With peace breaking out in the niggling price war, BZW says that price stability between the supermarket protaganists is now a "real possibility". The broker forecasts the sector to outperform the market by 10 per cent in the first quarter.

Yesterday **Kwik Save** moved ahead 6 to 624p, **Argyll** 2 to 303p and **Nurdin and Peacock** 11 to 200p. However, **J Sainsbury**, which moved on to the BZW buy list, slipped 2 to 476p.

Television group **Carlton Communications** jumped 20 to 971p after it was announced that the company had received acceptances for 78.4 per cent of the shares in Central Independent Television by Friday afternoon and the offer was unconditional.

Acquisition of Central will render Carlton the biggest independent television group in the UK and remove worries over competition in its video production side. Central shares rose 17 to 2980p.

Speculation of a rights issue at Stanley Leisure, the gambling and gaming group, found some support among leisure analysts who pointed out that the aquisitive company's shares were at an all-time high. Yesterday, they gained a further 2 to 335p in spite of the cash call rumours.

"It is preparing a war chest," said one seasoned hand, with small betting chains said to be in the company's sights rather than one large acquisition.

Figures showing subdued *inflation* and talk of interest rate cuts, both in the UK and Germany, lifted several building and property stocks.

Among construction companies, **Banner Homes** gained 12 to 159p, **Wilson Bowden** 13 to 520p, **Bryant Group** 5 to 182p, **Persimmon** 12 to 345p, **J Laing** 4 to 333p, **Barrat Developments** 14 to 252p, **J Mowlem** 8 to 155p and **Taylor Woodrow** 6 to 161p.

Building materials groups were also firm. **Marley** moved forard 7 to 205p, **Ibstock Johnson** 5 to 90p, **Tarmac** 8 to 196p and **Pilkington** 6 to 192p. Adding to the positive tone, British cement producers said conditions looked to favour an increase in cement prices this year. **Rugby Group** climbed 7 to 326p. But **Blue Circle** weakened after an initial burst and closed steady at 366p.

Meanhwile, **Costain** was lifted by speculation that Hanson may be eyeing its US coal interests. The shares added 3¼ to 36¼p.

Bank note printer **De La Rue** was held back to a rise of 3 at 914p as one broker recommended a switch into **Bowater**, up 12 at 510p.

Spirits and brewing group **Guinness** was the worst performing FT-SE stock as a number of brokers expressed caution over the company's trading outlook. Analysts said that recent meetings with the company have done little to dispel concern over its prospective dull earnings flow. Yesterday, SG Warburg and Nomura were among those said to be making negative comments on the stock, which closed 11 down at 463p.

Whisky producer **Burn Stewart** was recommended by NatWest Securities and the shares gained 6 to 125p.

BZW trimmed its forecasts for **Unilever** on worries over US detergents among other things, and the broker retained its "hold" stance due to the low yield and slack eps growth. However, reiterating its positive stance, Strauss Turnbull pointed out the stock's undemanding rating and recent underperformance. The shares closed 10 ahead at 1175p.

Conglomerate **Tomkins** was the best performer among FT-SE 100 stocks jumping 10 to 267p, after Hoare Govett turned buyers of the stock, having previously had an "undervalue" rating on it.

BTR, which has underperformed the market in recent sessions perked up 5 to 365p, after it confirmed plans to seek a listing on the LSE for Graham Group, which comprises its two distribution businesses. Volume was 5.2m.

Shares in **Clayton, Son & Co**, which said on Friday that it was in talks that could lead to a bid for the company, advanced another 42 to 145p, as further developments were awaited.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (371).
BANKS (2) ANZ, Westpac, BREWERIES (3) Eldridge Pope A, Greenalls, Scott. & Newcastle . BUILDING & CNSTRN (25) BLDG MATLS & MCHTS (22) CHEMICALS (4) BTP, Brit. Vita, Croda Int., Yorkshire Chems .DISTRIBUTORS (18) DIVERSIFIED INDLS (8) Amer Free A, BH Prop., Charter, Harrisons & Crosfield, Powell Duffryn, TT, Williams 8p Pf., Do 5/8pc Pf., ELECTRNC & ELECT EQUP (15) ENGINEERING (19) ENG, VECHICLES (8) EXTRACTIVE INDS (21) FOOD MANUF (3) Avonmore A, Dalgety, Hillsdown,GAS DISTRIBUTION (1) Calor, HEALTH CARE (3) Assoc. Nursing Servs., Community Hsptls., UniChem, HOUSEHOLD GOODS (4) Airsprung, IWP, Lilliput, Osborne & Little ,INSURANCE (7) Archer (A.J), FAI, Heath (CE) , Lowndes Lambert, New Lon. Capital, Skandia, Topdanmark, INVESTMENT TRUSTS (43) INVESTMENT COMPANIES (10) ,LEISURE & HOTELS (13) LIFE ASSURANCE (1) Refuge, MEDIA (17) MERCHANT BANKS (4) Close Bros, Hambros, Hambros 7.5pc Pf., Kleinwort Benson, OIL EXPLORATION & PROD (2) Bula Res, Kelt Energy, OIL, INTEGRATED (1) Norsk Hydro, OTHER FINANCIAL (15) OTHER SERVS & BUSNS (2) Calderburn, Gen. Motors Units, PHARMACEUTICALS (1) Novo Nordisk B , PRTNG, PAPER & PACKG (22) PROPERTY (19) RETAILERS, FOOD (1) Fitzwilton, RETAILERS, GENERAL (8) SPIRITS, WINES & CIDERS (1) Highland Dists. ,SUPPORT SERVS (12) TELECOMMUNICATIONS (3) Securicor N/V, Securicor, Security Servs , TEXTILES & APPAREL (7) Allied Textile, Black (P), Cassidy, Dewhirst, Hamlet, Wensum, Yorklyde ,TRANSPORT (8) Brit Airway, Brit Airways Cap 9 3/4pc Cnv, CSX, GATX, IoM Steam, Mayne Nickless, Ocean Wilsons, Transport Dvlpt , WATER (4) Bristol Water, Chesm A, Do B, Mid Kent,AMERICANS (7) CANADIANS (5) NEW LOWS (8).
GILTS (6) BLDG MATLS & MCHTS (1) Ashley, OIL EXPLORATION & PROD (1) Sunrise Energy..

EQUITY FUTURES AND OPTIONS TRADING

The first day of the new equity account brought a calmer session in the derivatives sector, with reduced volume in the traded options and futures trading in a tight range, *writes Joel Kibazo.*

Aggressive buying at the opening of the session saw the March contract on the FT-SE 100 advance strongly to 3,439. This turned out to be the day's peak for the early interest soon waned leaving the contract to drift lower by mid-morning, pulling the underlying cash market lower.

March traded in a 20 point range for the next few hours before a disappointing Wall Street brought further selling of the contract.

It finished at 3,415, down 10 on Friday's close and at a two-point discount to its fair value premium to cash which fell to 5 points on this account. Volume at 10,497 lots was down on recent levels.

Turnover in traded options also fell back sharply closing at 42,559 contracts against 57,439 trades on Friday. That sharp decline in the total was in part brought about by reduced business in the FT-SE 100 options which saw volume of only 11,041 contracts. Friday's turnover in the FT-SE 100 options had been a healthy 23,233 lots. However active trading was seen in the Euro FT-SE 100 option in which 6,244 lots were dealt.

Dealers said a single house had bought the "call spread" in Asda accounting for the day's volume of 5,764 lots which made it the most actively traded stock option. It was followed by British Gas at 2,295 contracts. Some 2,070 lots were dealt in Hanson, and 1,321 in Argyll Group. Other active trades included Tesco, SmithKline Beecham and Commercial Union.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Mar	3424.0	3412.5	-3.5	3439.0	3404.0	12177	68346
Jun	3428.0	3427.0	-3.0	3443.0	3427.0	105	5758
Sep	-	3442.5	-3.5	-	-	0	200

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3407) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	210	½	169	½	110	1½	60	7	24	21½	6	55½	1½	105½	½	155½
Feb	220½	9	176	14	133½	21£	96£	34£	64½	53£	40	80	23£	114½	112½	156½
Mar	231	20½	188½	27£	151	39½	115½	54½	86£	75	61½	100½	40½	131	28£	167½
Apr	242½	31½	204£	42	167	54£	134	71£	104	91	79½	117	58	146	42½	181
Jun†	271½	50½			198½	76			138	114			89½	167		

Calls 5,066 Puts 6,534

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	277½	½	227½	½	178½	1	128½	1½	80½	4	39½	11½	13½	36½	3½	75£
Feb	290	4	243	6½	197£	11	154	17	114½	27½	80	42½	52½	64	30£	92½
Mar	297½	12£			210	24			133½	48½			73	85½		
Jun	326	33			250½	52½			182	82			125	123		
Sept†	359½	53			286	78			220½	107			165	148		

Calls 3,966 Puts 3,033 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	7,900	62½	-½
Abbey National†	2,600	517	-3
Albert Fisher	742	71	-2
Allied-Lyons†	1,600	654	+5
Anglian Water†	208	565	
Argos	78	378	-1
Argyll Group†	4,000	303	+2
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

FT - SE Actuaries Share Indices — The UK Series

	Jan 17	Day's chge%	Jan 14	Jan 13	Jan 12	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3407.8	+0.2	3400.6	3380.0	3372.0	2763.1	3.46	5.16	24.08	2.39	1249.11
FT-SE Mid 250	3948.8	+0.8	3915.7	3882.1	3884.6	2896.7	3.09	4.82	25.59	7.21	1434.69
FT-SE Mid 250 ex Inv Trusts	3957.2	+0.9	3922.5	3890.2	3886.8	2917.0	3.18	5.16	24.11	7.37	1433.16
FT-SE-A 350	1714.6	+0.4	1708.5	1689.4	1692.3	1359.5	3.37	5.08	24.41	1.64	1287.44
FT-SE SmallCap	1954.24	+0.7	1940.69	1929.65	1930.59	1423.92	2.80	3.50	38.78	1.91	1483.39
FT-SE SmallCap ex Inv Trusts	1916.86	+0.8	1902.28	1894.03	1892.97	1434.49	2.97	3.87	34.03	2.09	1457.88
FT-SE-A ALL-SHARE	1697.81	+0.4	1691.38	1673.12	1675.86	1340.25	3.34	4.97	24.97	1.63	1297.43

■ FT-SE Actuaries All-Share

	Jan 17	Day's chge%	Jan 14	Jan 13	Jan 12	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(16)	2583.49	+0.3	2576.63	2545.33	2583.81	1870.90	3.41	4.93	25.10	0.00	1007.76
12 Extractive Industries(4)	3781.89	.....	3782.65	3779.66	3835.20	3083.40	3.30	4.84	24.46	0.00	1017.73
15 Oil, Integrated(3)	2523.15	+0.2	2517.15	2478.71	2517.27	1736.30	3.47	5.06	24.63	0.00	1003.28
16 Oil Exploration & Prod(11)	1816.66	+1.2	1796.23	1784.14	1804.81	1687.10	3.14	3.78	33.98	0.00	1031.26
20 GEN MANUFACTURERS(263)	2104.56	+0.7	2089.01	2065.45	2064.12	1607.70	3.51	3.22	42.74	1.40	1041.92
21 Building & Construction(31)	1407.22	+2.1	1378.07	1357.20	1349.50	804.90	2.51	1.27	80.00†	0.29	1076.44
22 Building Matls & Merchs(29)	2300.51	+1.1	2276.07	2251.44	2250.12	1399.30	3.06	2.55	53.93	1.14	1054.07
23 Chemicals(20)	2333.56	-0.5	2345.89	2327.32	2336.61	2031.60	3.96	0.37	‡	0.39	1002.67
24 Diversified Industrials(16)	2089.71	+1.2	2065.36	2025.57	2027.16	1777.60	4.25	4.27	30.24	2.39	1033.08
25 Electronic & Elect Equip(34)	2127.70	+0.2	2123.79	2116.01	2107.51	1662.00	3.53	5.65	21.59	1.10	1010.98
26 Engineering(72)	1845.05	+0.3	1839.46	1837.56	1846.30	1323.30	2.93	2.10	77.06	2.11	1030.73
27 Engineering, Vehicles(12)	2348.12	+0.5	2334.09	2297.52	2275.74	1775.20	4.42	3.28	42.66	0.00	1102.74
28 Printing, Paper & Pckg(27)	2898.50	+1.3	2861.13	2806.99	2775.97	2168.70	2.79	4.33	27.85	0.37	1113.03
29 Textiles & Apparel(22)	1959.44	+1.2	1936.92	1909.74	1905.56	1813.10	3.34	5.07	24.78	0.14	1078.91
30 CONSUMER GOODS(94)	2999.90	-0.1	3003.22	2963.86	2976.26	2928.40	3.72	6.53	18.06	5.62	998.60
31 Breweries(17)	2390.19	+1.0	2367.58	2333.32	2308.38	2119.30	3.81	7.13	17.25	9.84	1047.31
32 Spirits, Wines & Ciders(10)	3048.73	-1.0	3079.51	3084.43	3094.20	2840.40	3.47	6.31	18.64	19.74	998.92
33 Food Manufacturers(24)	2544.29	+0.5	2531.70	2519.35	2514.17	2305.40	3.57	6.58	18.02	2.80	1035.80
34 Household Goods(12)	2775.62	+0.2	2771.10	2778.55	2787.89	2436.50	3.09	6.61	17.51	0.00	969.30
36 Health Care(20)	1841.56	+0.4	1834.36	1822.92	1831.43	1878.50	2.91	5.21	22.96	0.82	1043.08
37 Pharmaceuticals(10)	3209.07	.....	3210.30	3136.12	3152.92	3505.40	3.76	6.33	18.42	0.00	984.61
38 Tobacco(1)	4370.71	-1.0	4416.85	4345.55	4412.66	4077.00	4.61	7.28	16.00	0.00	941.28
40 SERVICES(221)	2153.13	+0.2	2148.19	2122.77	2113.67	1773.20	2.75	5.23	23.31	2.25	1033.42
41 Distributors(31)	3051.68	-0.1	3054.65	3044.80	3041.19	2391.30	2.74	5.11	23.74	1.24	1031.38
42 Leisure & Hotels(22)	2273.60	+0.3	2267.16	2226.38	2203.49	1704.40	3.57	5.35	23.09	8.84	1099.92
43 Media(40)	3067.04	+0.6	3047.98	3001.39	2997.65	2166.50	1.99	4.03	29.67	1.22	1043.61
44 Retailers, Food(17)	1868.29	-0.2	1872.03	1839.67	1816.26	2202.80	3.28	8.56	14.53	1.67	1084.73
45 Retailers, General(43)	1868.08	+0.2	1864.20	1847.24	1842.38	1462.50	2.54	4.94	25.45	1.33	975.32
48 Support Services(40)	1784.42	+0.9	1768.34	1750.19	1748.88	1489.30	2.19	6.40	17.88	0.63	1063.85
49 Transport(16)	2674.22	-0.2	2679.34	2662.25	2660.03	1942.30	3.13	3.40	33.25	2.48	1025.31
51 Other Services & Business(12)	1244.37	+1.7	1223.91	1217.52	1210.35	1371.90	3.82	3.46	41.13	0.00	1046.48
60 UTILITIES(36)	2629.17	+0.6	2613.58	2614.19	2622.72	1977.90	3.79	8.10	14.89	3.81	982.49
62 Electricity(17)	2411.99	+0.4	2401.31	2439.12	2446.51	1578.40	3.43	10.26	11.97	10.29	971.51
64 Gas Distribution(2)	2240.64	.....	2241.23	2226.18	2273.21	1847.90	5.23	7.58	16.48	0.00	989.98
66 Telecommunications(4)	2372.91	+0.9	2351.74	2334.49	2339.14	1844.30	3.33	5.96	20.55	0.00	986.86
68 Water(13)	2045.83	+0.6	2033.76	2029.73	2008.45	1643.30	4.52	11.08	9.97	3.48	984.33
69 NON-FINANCIALS(632)	1806.66	+0.3	1802.63	1784.72	1787.87	1485.82	3.41	5.50	22.31	2.00	1242.59
70 FINANCIALS(105)	2582.12	+0.5	2568.44	2530.59	2530.02	1695.80	3.24	3.11	46.22	0.57	988.17
71 Banks(10)	3330.41	+0.2	3324.93	3268.14	3254.30	2072.30	2.85	3.72	36.02	0.08	962.86
73 Insurance(18)	1552.81	+1.3	1532.77	1514.70	1523.72	1283.50	4.28	‡	‡	0.00	1023.04
74 Life Assurance(6)	2807.26	+0.5	2793.01	2776.31	2792.54	2279.00	4.16	4.33	29.04	0.00	1031.36
75 Merchant Banks(6)	3551.45	+1.3	3506.35	3461.70	3492.46	1946.60	2.50	6.16	19.93	0.00	1040.62
77 Other Financial(25)	2054.37	+1.9	2015.82	1989.89	1984.19	1196.70	3.02	5.27	23.69	4.53	1068.87
79 Property(40)	1768.82	+0.5	1760.83	1734.42	1740.30	991.20	3.48	3.15	43.59	1.53	986.93
80 INVESTMENT TRUSTS(119)	3011.16	+0.4	2998.23	2962.48	2966.52	2046.30	2.10	1.69	59.31	3.32	995.38
89 FT-SE-A ALL-SHARE(856)	1697.81	+0.4	1691.38	1673.12	1675.86	1340.25	3.34	4.97	24.97	1.63	1297.43

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3405.4	3403.1	3403.3	3420.4	3418.5	3417.6	3413.7	3418.1	3407.0	3421.1	3397.4
FT-SE Mid 250	3915.4	3918.9	3925.6	3938.5	3940.5	3942.1	3941.8	3941.8	3946.5	3948.8	3915.4
FT-SE-A 350	1710.3	1709.6	1710.5	1718.4	1717.9	1717.7	1716.2	1717.1	1714.0	1718.8	1707.6

Time of FT-SE 100 High 11.13am Low 9.14am

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1360.2	1348.8	1360.1	1374.1	1377.0	1373.8	1374.6	1374.9	1376.0	1379.0	1348.7	+30.3
Pharmaceuticals	3177.4	3174.0	3173.1	3189.1	3185.5	3186.5	3179.0	3174.5	3170.9	3176.4	3177.5	-1.1
Water	2030.1	2030.2	2033.4	2043.2	2036.0	2037.5	2038.7	2039.9	2044.1	2044.5	2032.3	+12.2
Banks	3377.9	3377.3	3374.9	3384.3	3379.0	3378.2	3375.5	3383.4	3373.6	3372.5	3367.0	+5.5

Additional information on the FT-SE Actuaries Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. [illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul	Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Allied-Lyons	650	12½	36	46	8½	25½	41½	Hanson	260	18	22	25	2½	7	10½
(*654)	700	1½	15	24½	49	56	72½	(*274)	280	6	11	16	10½	16½	20½
Argyll	300	8½	23½	30	5	16½	25½	Lasmo	120	11	18	23	7	12½	17
[illegible]								[illegible]							

* Underlying security price. Premiums shown are based on closing offer prices. January 17. Total contracts: 42,559 Calls: 27,490 Puts: 15,069

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	43	15	20
Other Fixed Interest	0	6	9
Mineral Extraction	96	28	84
General Manufactures	308	63	315
Consumer Goods	75	27	92
Services	208	65	252
Utilities	33	4	9
Financials	154	56	183
Investment Trusts	170	49	245
Others	54	26	40
Totals	1,141	339	1,249

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	1993/94 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	53.3	102	100	Aberforth Sp C	100½		-	-	-	-
100	F.P.	28.6	102	92	Abtrust LLoyds	95½		-	-	-	-
100	F.P.	96.3	112	98	CLM Insce	112	+2	-	-	-	-
§155	F.P.	280.0	185	178	Chelsfield	179	-2	MN2.4	-	1.7	-
280	F.P.	344.2	330	288	DFS Furniture	330	+10	L6.4	2.1	2.4	-
100	F.P.	63.7	100	98	Fairbairn Eur Sm	98		-	-	-	-
-	F.P.	33.3	112	101½	Finsbury Under'wri	111		-	-	-	-
100	F.P.	46.0	119	100	For & Col Small C	115	+½	-	-	-	-
60	P.P.	18.0	60	59	Friends Prov Eth	60		-	-	-	-
120	P.P.	36.6	123	121	Do. Units	122	+1	-	-	-	-
60	P.P.	18.4	63	61	Do. Zero Div Pf	61½		-	-	-	-
168	F.P.	417.1	208	166	Gartmore	207	+5	W4.0	2.0	2.4	25.6
-	F.P.	0.83	5	3	¶Harmony Wrnts.	4½		-	-	-	-
190	F.P.	63.6	241	191	Litho Supls.	241		R6.5	2.0	3.4	18.6
100	F.P.	43.5	110	94½	Masthead Insce.	108		-	-	-	-
-	F.P.	3.86	71	42	NM Smlr Aust Wrts	71	+6	-	-	-	-
100	F.P.	16.9	110	100	Pilot Inv C	110	+3	-	-	-	-
§40	F.P.	-	46	44	Rockwood	44		-	-	-	-
§10	F.P.	2.04	11½	10¼	Rossmont	11		-	-	-	-
60	F.P.	10.6	70	60	¶Securitised En.	70		RN3.5	1.0	6.2	12.4

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	1993/94 Low	Stock	Closing price p	+or-
48	Nil	17/2	16pm	8pm	Anglo Irish	15pm	
325	Nil	17/1	105pm	83pm	Benrose	105pm	
73	Nil	31/1	15pm	11pm	Camerlone	15pm	
5	Nil	21/2	9½pm	5pm	Europe Energy	8pm	+2
68	Nil	24/2	7pm	3½pm	Halkin	3½pm	-½
25	Nil	8/2	8pm	8pm	Sheldon Jones	8pm	

pm Price at a premium.

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renun. date	1993/94 High	1993/94 Low	Stock	Closing price £	+or-
-	F.P.	-	95	90	Budgens 5pc Cv 2003	94	
-	F.P.	-	104½p	98¼p	Sun Alliance 7½pc Pf	107½p	+¼
100p	Nil	-	40ppm	32ppm	Trafalgar Hse. Cv.Red.Pt	32½ppm	
-	F.P.	-	125½	107	Wilson 6¼pc Bds	125½	+1¼

pm Price at a premium. p Pence.

FINANCIAL TIMES EQUITY INDICES

	Jan 17	Jan 14	Jan 13	Jan 12	Jan 11	Yr ago	*High	*Low
Ordinary share	2615.5	2612.1	2577.4	2574.2	2604.8	2140.6	2617.4	2124.7
Ord. div. yield	3.57	3.58	3.62	3.63	3.57	4.39	4.52	3.50
Earn. yld. % full	4.04	4.05	4.10	4.11	4.05	6.03	6.38	4.03
P/E ratio net	31.25	31.18	30.77	30.72	31.18	21.16	31.27	19.40
P/E ratio nil	28.97	28.90	28.52	28.48	28.91	19.55	28.99	18.14
Gold Mines	250.3	245.7	242.9	260.8	256.1	81.3	277.9	80.0

*For 1993/94. Ordinary share index since compilation: high 2617.4 07/01/94, low 49.4 26/6/40
Predecessor Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Ordinary share base date 1/7/35; Gold Mines 12/9/56.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2615.7	2611.9	2612.6	2622.1	2620.7	2621.1	2617.2	2619.9	2614.1	2623.5	2608.3

	Jan 17	Jan 14	Jan 13	Jan 12	Jan 11	Yr ago
SEAQ bargains	38,498	43,321	38,899	35,087	37,838	28,754
Equity turnover (£m)†	-	2031.0	1940.7	1797.7	2062.5	899.7
Equity bargains†	-	48,351	43,403	42,327	45,557	35,488
Shares traded (ml)†	-	817.4	803.4	710.4	818.4	415.0

† Excluding intra-market business and overseas turnover.

TRADITIONAL OPTIONS

First Dealings	Jan 10	Last Declarations	April 7
Last Dealings	Jan 21	For settlement	April 18

Calls: Aegis, Arcon, Int., Auto. Secs. Pref., Bensons Crisps, Bluebird, Burton, Caverdale, Coal Inv., Com-Tek, CRP Leis., Dart Group, Eagle Mng., Ennex, Kleinwort Benson, Mid-States, NatHome Prof., Nurdin & Peacock, Pizza Express, Pelon, Sleepy Kids, Spring Ram, TR Tech., Waverley, Wilshaw, WPP. Puts: Dart Group, Eagle Mng., Wilshaw. Puts & Calls: Arcon Intl., Fisons, Ladbroke, Shandwick.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£24¼	+⅛	£25⅜	£18¼	8,760	4.3	12.9
ANZ A$	□	232¼	+½	232½	130	3,039	3.8	Φ
Abbey National	†□	617	-3	624	345	6,777	2.9	19.9
Allied Irish IE	♣†a□	309	+3	314	179	2,034	3.4	15.8
Anglo Irish IE	N□	67xd	-1	*69	28	163.0	6.3	Φ
Asahi Y	□	850¼	-12	844	415	15,101	0.7	-
Banco Bil Viz Pta	□	£14½	+⅛	£17⅓	£13⅓	3,444	5.5	6.7
Banco Sant Pta		£29½	-	£36	£24⅛	3,328	4.4	11.4
Bank Leumi (UK)		375	-	375	325	29.6	5.7	-
Bk Ireland IE	♣u□	315	+4	*319	177	1,481	4.0	23.2
Bank Scotland	♣†□	221	-	240½	116½	2,565	2.6	30.0
9¼pc Pf		137	+¼	140¼	117¼	137.0	8.4	-
9¾pc Pf		144	+½	147¼	120½	144.0	8.5	-
Barclays	♣N□	607	+7	652	362	9,851	2.6	-
Dai Ichi Kan Y	□	£10⅞	-⅛	£15⅞	£8⅞	33,942	0.5	60.1
Deutsche DM	□	£314½	-7⅛	£348⅞	£250½	14,971	1.9	-
Espirito Santo		£24⅛	-	£24¾	£16½	259.8	3.3	5.8
First Nat Fin	□	75xd	+1	*95	45	126.0	2.5	Φ
6.3pc Cv Pf		89xd	+1½	*97	55	5.98	8.8	-
7pc Cv Pf		144xd	+2	167½	106	68.3	6.1	-
Fuji Bank Y	□	1161¼	-24	1651	876	34,200	0.5	-
HSBC HK	†□	921	-5	1007	474	15,721	2.7	22.0
HSBC (75p Shs)	†□	903	-8	987	490	7,413	2.8	21.6
Lloyds	†□	625	+2	690	482	8,025	3.9	17.9
Mitsubishi Y	□	£18¼	-½	£19¼	£11⅓	48,244	0.3	-
Mits Tst & Bk Y	□	762½	+6	1012½	462½	9,927	0.7	12.2
Mitsui Tst & Bk Y	□	678½	-1¼	852	374	6,932	0.9	19.7
Nat Aust A$	□	571½	-	576¼	322	7,509	4.0	Φ
NatWest	†□	603	+9	634	398	10,021	3.7	36.8
Ottomane FFr		£30	-½	£32½	£23¼	150.0	5.0	9.8
Ryl Bk Scotland	♣N□	452xd	+1	470	307	3,588	3.0	20.4
Sakura Y	□	£8½	-⅛	£11	£5⅓	29,556	0.6	55.7
Sanwa Y	♣□	£12½	+⅛	£16	£7⅓	38,271	0.4	-
Standard Chartd	†□	1165	-1	1263	576	2,774	2.2	-
Sumitomo Y	□	£12⅛	-⅛	£16¼	£8⅞	37,760	0.4	25.8
Sumitomo Tst Y	□	723¼	-	987½	437½	8,994	0.8	56.7
TSB	♣P□	269	+1	272½	145½	4,083	3.6	20.8
Tokai Y	□	£7	-	£9⅔	£4⅞	14,198	0.9	46.8
Toyo Tst & Bk Y	□	632¼	-28¼	840	411	4,973	0.8	56.4
Westpac A$		223xd	+6	223	121	3,909	2.4	Φ
Yasuda Tst Bk Y	♣□	478¼	+4¼	680	343	5,281	1.0	42.1

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SPIRITS, WINES & CIDERS - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½	.....	£13½	£7½	805.4	5.2	11.4
Barlow Rand		84½	+¼	£10⅝	£4	859.1	7.5	8.0
Gold Fields SA R		£16⅝	+⅛	£18	£7¼	1,621	2.4	27.8
Nk Props	85	90	.....	97	68	3.62	15.1	ϕ
SASOL	♆	293	+4	308	215	1,658	5.3	-
SA Brews		£13⅞	+⅞	£15⅞	£7⅝	7,340	2.0	22.4
Tiger Oats		738	.....	838	513	1,108	2.2	15.0
Tongaat-Hulett	†	482xd	.....	472	212	338.3	3.3	12.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♆ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on RMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures
Z Dividend yield to date.

Abbreviations:
xd ex dividend,
xc ex scrip issue;
xr ex rights;
xa ex all;
xR ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT2264. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

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Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours: (♣) - 1101 to 1400 hours: (♦) - 1401 to 1700 hours: (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)F

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

OTHER UK UNIT TRUSTS

INSURANCES

AXA Equity & Law Life Assce

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Britannia Life Assurance

Canada Life Group

Crown Financial Management Ltd - Contd.

Hearts of Oak Insurance Group

Life Association of Scotland - Contd.

Mercury Life Assurance Co Ltd - Contd.

Prosperity Life Assurance Ltd

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
INVESCO MIM				
European Smaller	187.7	197.6	+1.3	-
Sth & East Asia Gwth	378.2	398.2	-3.3	-
Inc Growth	335.0	352.7	+1.8	-
Japan Smlr Cos	249.2	262.4	---	-
Miss Growth	265.5	279.5	+1.1	-
Gilt	86.7	91.0	-0.3	-
Perpetual Funds				
International Growth	177.4	186.8	+0.3	-
American Growth	227.0	239.0	+1.2	-
Intl Emerging Cos	267.8	281.8	+0.1	-
European	203.1	213.8	+1.3	-
Managed	206.7	217.6	+1.3	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS			051-236 3000	
Royal Shield Fd.	979.8	1036.8	---	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	391.0	411.5	+2.5	-
Equity Fund	552.9	582.5	+5.1	-
Property Fund	308.3	322.4	---	-
International Fund	484.3	509.7	+2.3	-
Gilt Fund	380.0	400.0	-0.4	-
Money Fund	216.6	227.9	---	-
United States Fund	257.3	270.8	+0.2	-
Pacific Basin	302.4	318.3	+1.0	-
Royal Life (Unit Linked Pension Fds) Ltd				
Exempt Man Fd Acc	481.0	506.3	+2.9	-
Exempt Equity Fd Acc	849.0	893.6	+9.0	-
Exempt Prop Fd Acc	315.2	331.7	---	-
Exempt Intl Fd Acc	790.2	831.7	+1.9	-
Exempt Gilt Fd Acc	452.9	476.7	-1.1	-
Exempt Money Fd Acc	296.9	312.5	---	-
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT			051-236 1461	
UK Equity	81.6	85.9	---	-
Global Equity	81.2	84.4	---	-
High Yield	79.9	84.1	---	-
Intl Equity	86.7	91.3	---	-
Fixed Interest	82.7	87.0	---	-
Money	75.9	79.9	---	-
Managed	83.1	87.5	---	-
Pensions				
UK Equity	89.1	93.8	---	-
Global Equity	65.2	68.6	---	-
High Yield	93.3	98.2	---	-

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Widows' Group				
PO Box 902, Edinburgh EH16 5BU			031-655 6000	
Inv Pol 1 Jan 7	893.0	930.0	---	-
Inv Pol 2 Jan 7	904.4	952.1	---	-
Inv Pol 3 Jan 7	868.2	914.0	---	-
Inv Pol Cash Ser 2 Jan 7	305.0	321.2	---	-
Inv Pol Cash Ser 3 Jan 7	301.2	317.1	---	-
Mixed Fund	467.9	492.6	[illegible]	-
Equity Fund	656.7	691.7	[illegible]	-
Property Fund	224.4	236.3	[illegible]	-
International Fund	498.0	524.3	[illegible]	-
Fixed Int. Fund	399.4	420.6	[illegible]	-
Index Stk. Fd.	209.1	220.3	[illegible]	-
Cash Fd.	221.7	233.5	[illegible]	-
Pens. Mixed Fd. Ord.	629.4	662.7	[illegible]	-
Pens. Equity Fd. Ord.	753.8	793.5	[illegible]	-
Pens. Prop. Fd. Ord.	304.4	320.5	[illegible]	-
Pens. Int. Fd. Ord.	648.7	682.8	[illegible]	-
Pens.Fxd.Int.Fd.Ord.	598.1	629.7	[illegible]	-
Pens.Ind.Stk.Fd.Ord.	246.3	259.4	[illegible]	-
Pen. Cash Fd. Ord.	338.7	356.6	[illegible]	-
Building Society	97.5	102.7	-	-
PM Man	3066.7	3066.7	[illegible]	-
PM St Ex	3275.9	3275.9	[illegible]	-
PM St Ex Eq	140.5	140.6	-	-
PM St Ex Fl	151.7	151.7	-	-
PM Property	278.6	279.6	[illegible]	-
PM Pens Protection	212.8	212.8	[illegible]	-
PM IL Protection	131.3	131.3	---	-
PM Cash	386.2	386.2	[illegible]	-
Skandia Life Assurance Co Ltd (z)				
Skandia Hse. Portland Terr. Southampton			0703 334411	
Skandia Valuation Line 0800 181366				
Life Managed Funds				
Skandia Cautious	147.4	155.1	+0.6	-
Skandia Balanced	384.3	404.5	+3.5	-
Skandia Distribution	118.8	125.0	+0.2	-
Skandia Exhd Selection	123.2	129.6	-0.1	-
Skandia Deposit	260.0	273.6	+0.1	-
Abtrust Managed	133.2	140.2	+1.1	-
Baring Managed	145.5	153.1	+1.2	-
CU Managed	248.6	261.6	+2.6	-
Fidelity Managed	209.6	220.6	+1.8	-
Fleming Managed Inv Tst	146.8	154.5	+1.0	-
F & C Investment Trust	189.0	198.9	+0.9	-
Framlington Managed	239.4	251.9	+1.3	-
Gartmore Managed	270.2	284.4	+2.8	-
Henderson Managed	269.8	284.0	+2.5	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

$ and £ remain strong

The dollar and sterling dominated currency trading yesterday in a session made quiet by the partial US holiday in honour of Martin Luther King, *writes Philip Gawith.*

Sterling took heart from an encouraging batch of UK economic data during London trading and recovered from small early losses caused by profit-taking after last week's strong gains. The dollar moved to its highest levels against the D-Mark since August 1991. Investors avoided the D-Mark, largely because of disenchantment about Germany's economic prospects and worries about developments in Russia.

● The dollar ended around its highest level of the day against the D-Mark after a quiet European session. However, it eased slightly against the yen and was barely changed at the close against sterling.

In London, the US currency's closing level of DM1.7553 was nearly a ¼ pfennig up on Friday's close. However, it lost ground marginally against the yen, closing at Y111.08 compared with Friday's 111.215. Sterling was $1.4918 at the London close, barely changed from $1.4921 before the weekend.

Yesterday's quiet trading did not deter some observers from predicting strong further gains for the dollar. Mr Norbert Walter, chief economist at Deutsche Bank AG, was reported as forecasting that the dollar would rise into a corridor between DM1.80 and DM1.85 in the second quarter and remain there until 1995. However, in remarks to a capital markets seminar, he added that he expected the Bundesbank and US Federal Reserve would intervene to sell dollars if the dollar/mark rate topped DM1.85.

● Sterling put in another robust performance, closing at DM2.6184 compared with DM2.6118 on Friday. It started the day at DM2.605 after a spate of unfavourable stories about the weakness of the government prompted selling in Asia. But it touched DM2.62 in mid-morning in London after the release of favourable industrial production and producer price data.

Analysts said the UK output data were bullish for sterling because they reflected good growth and so supported the government's reluctance last week to cut interest rates. Although the output price index for UK manufactured products rose by 0.5 per cent between November and December, and so was above the 0.3 per cent consensus forecast, economists were reassured that inflationary pressures were subdued because prices excluding food, drink, tobacco and petrol increased by only 0.1 per cent.

However, according to Mr Brian Martin of Citibank, the market is beginning to wonder about the impact of sterling's strength on UK export prospects. He said recent CBI figures which showed export order books falling suggested that if the pound strengthened much more it would harm exports. He said he felt the government would try and stem the rise were the pound to reach the DM2.65 level.

● The D-mark was generally softer in late European trading as investors took precautionary positions ahead of Thursday's Bundesbank council meeting.

Many analysts do not expect the central bank will alter interest rates this week, but few doubt that monetary policy will be relaxed in the coming weeks.

"There is little enthusiasm for the D-Mark at the moment," said one US trader in London. "Although the odds seem stacked against a German rate cut this week, a prevailing air of gloom about the German economy makes it a risky play."

Mr Chris Turner, a currency strategist of Barclays de Zoete Wedd, said he doubted the Bundesbank would cut rates as it was sensitive to the recent rate of decline of the D-Mark. However, Citibank's Mr Martin said he didn't feel the D-Mark would decline much further as other European governments were relying on exports to stimulate economic recovery and wouldn't want their currencies to strengthen too much against it.

The resignation of the chief Russian economic reformer, Mr Yegor Gaidar, also weighed on the German currency because of Germany's relative proximity to Russia and in spite of Germany's limited economic links with the former Soviet Union.

● The rouble fell victim to Russia's deepening political crisis yesterday tumbling 3.5 per cent in Moscow to a record low of 1,402 to the dollar on fears that economic reforms would grind to a halt.

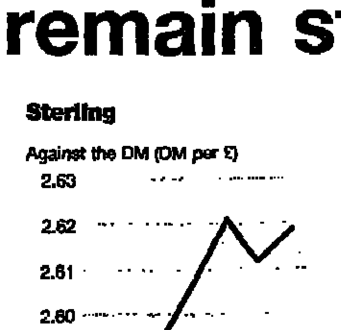
Dealers said the currency, which has already fallen 12 per cent this year, would continue its steep decline. Banks were alarmed by the weekend departure of Mr Gaidar who refused to join the new government. Some Moscow based bankers forecast that the rouble was likely to fall to 1,500 to the dollar this month.

● The Australian dollar was a focus of attention in London as it breached a resistance level of 69.25 US cents. BZW's Mr Turner said this reflected the recent increase in commodity prices and a strong flow of funds into Australian equities. The Australian dollar closed yesterday at $0.6961, up from $0.6899 on Friday.

● UK money markets were quiet yesterday. The initial shortage of £450m was revised upwards to £600m and the Bank of England provided the UK money market with £615m of assistance. With much liquidity in the market, overnight rates touched 2 per cent at one stage before moving back up towards 5½ per cent.

Sterling

Against the DM (DM per £)



Source: FT Graphite

■ Pound in New York

Jan 14	---Latest---	– Prev. close –
£ spot	1.4930	1.4935
1 mth	1.4898	1.4905
3 mth	1.4850	1.4855
1 yr	1.4710	1.4700

POUND SPOT FORWARD AGAINST THE POUND

Jan 17		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.4045	+0.0306	952 - 137	18.4160	18.3120	18.4083	-0.2	18.4177	-0.3	-	-	113.2
Belgium	(BFr)	54.4862	+0.0294	474 - 250	54.5836	54.2930	54.5912	-2.3	54.7512	-1.9	55.0762	-1.1	112.5
Denmark	(DKr)	10.1372	+0.027	304 - 440	10.1426	10.0904	10.1482	-1.3	10.1597	-0.9	10.1612	-0.2	114.9
Finland	(FM)	8.4829	-0.0657	728 - 929	8.5092	8.4684	-	-	-	-	-	-	81.0
France	(FFr)	8.8827	+0.0154	785 - 868	8.8948	8.8414	8.8926	-1.3	8.9043	-1.0	8.9129	-0.3	107.7
Germany	(DM)	2.6184	+0.0068	171 - 197	2.6233	2.6050	2.6202	-0.8	2.6217	-0.5	2.6196	0.0	121.8
Greece	(Dr)	375.474	+0.41	211 - 736	376.132	374.209	-	-	-	-	-	-	-
Ireland	(I£)	1.0461	+0.0017	454 - 467	1.0476	1.0409	1.0467	-0.7	1.0477	-0.6	1.0497	-0.3	103.8
Italy	(L)	2544.26	-3.42	237 - 614	2548.02	2534.32	2551.16	-3.3	2562.81	-2.9	2606.01	-2.4	76.3
Luxembourg	(LFr)	54.4862	+0.0294	474 - 250	54.5250	54.2930	54.5912	-2.3	54.7512	-1.9	55.0762	-1.1	112.5
Netherlands	(Fl)	2.9316	+0.0072	300 - 332	2.9332	2.9179	2.9318	-0.1	2.9305	0.2	2.9197	0.4	117.7
Norway	(NKr)	11.2581	-0.0002	532 - 630	11.2784	11.2323	11.274	-1.7	11.2719	-0.5	11.2583	0.0	84.7
Portugal	(Es)	262.884	-0.239	693 - 075	263.638	262.503	264.279	-6.4	266.899	-6.1	-	-	-
Spain	(Pta)	214.499	-0.767	360 - 638	215.158	214.175	215.304	-4.5	216.389	-3.5	220.484	-2.8	84.2
Sweden	(SKr)	12.1239	-0.103	128 - 350	12.2623	12.1128	12.1514	-2.7	12.1814	-1.9	12.2929	-1.4	75.2
Switzerland	(SFr)	2.2085	+0.0002	071 - 099	2.2104	2.1939	2.2059	1.4	2.2013	1.3	2.1756	1.5	117.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.7
Ecu	-	1.3481	+0.0019	470 - 491	1.3488	1.3435	1.3497	-1.4	1.3518	-1.0	1.3542	-0.4	-
SDR†	-	0.919846	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4902	+0.0009	897 - 907	1.4917	1.4856	-	-	-	-	-	-	-
Brazil	(Cr)	578.119	-0.133	943 - 295	579.000	577.000	-	-	-	-	-	-	-
Canada	(C$)	1.9688	-0.0018	678 - 697	1.9753	1.9678	1.9656	1.8	1.9611	1.6	1.9471	1.1	92.1
Mexico	(New Peso)	4.6341	-0.0017	312 - 370	4.6417	4.6254	-	-	-	-	-	-	-
USA	($)	1.4918	-0.0003	913 - 922	1.4942	1.4880	1.4888	2.4	1.4836	2.2	1.4686	1.6	67.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1432	-0.0197	417 - 446	2.1640	2.1416	2.1417	0.8	2.1395	0.7	2.1395	0.2	-
Hong Kong	(HK$)	11.5238	-0.0051	195 - 280	11.5442	11.4967	11.5033	2.1	11.4899	1.9	11.3785	1.3	-
India	(Rs)	46.7981	-0.0057	821 - 140	46.8690	46.6820	-	-	-	-	-	-	-
Japan	(Y)	165.704	-0.234	579 - 828	166.860	165.380	165.224	3.5	164.394	3.2	160.499	3.1	177.8
Malaysia	(M$)	4.0762	+0.0036	735 - 789	4.0814	4.0637	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6679	-0.0063	654 - 704	2.6738	2.6654	2.6701	-1.0	2.6731	-0.8	2.6812	-0.3	-
Philippines	(Peso)	41.3962	+0.0663	853 - 070	41.7500	41.0195	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5937	-0.0012	915 - 958	5.6025	5.5800	-	-	-	-	-	-	-
Singapore	(S$)	2.4000	+0.0004	985 - 014	2.4046	2.3920	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0921	-0.0014	883 - 959	5.1005	5.0795	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.4145	+0.0322	051 - 239	6.4190	6.3538	-	-	-	-	-	-	-
South Korea	(Won)	1211.90	+0.72	138 - 241	1213.74	1208.26	-	-	-	-	-	-	-
Taiwan	(T$)	39.3300	-0.2019	107 - 493	39.3900	39.2000	-	-	-	-	-	-	-
Thailand	(Bt)	38.1441	-0.0076	176 - 705	38.1870	38.0330	-	-	-	-	-	-	-

†SDR rate for Jan 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 17		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.3375	+0.023	350 - 400	12.3400	12.2990	12.3647	-2.7	12.4037	-2.1	12.5085	-1.4	102.8
Belgium	(BFr)	36.5250	+0.027	100 - 400	36.5550	36.4700	36.675	-4.9	36.895	-4.1	37.475	-2.6	102.2
Denmark	(DKr)	6.7955	+0.0195	930 - 980	6.7950	6.7760	6.8177	-3.9	6.8465	-3.0	6.9135	-1.7	104.0
Finland	(FM)	5.6865	-0.0429	815 - 915	5.7120	5.6736	5.6975	-2.3	5.708	-1.5	5.7477	-1.1	78.0
France	(FFr)	5.9545	+0.0115	535 - 555	5.9625	5.9385	5.9723	-3.6	6.0006	-3.1	6.0675	-1.9	104.4
Germany	(D)	1.7553	+0.0048	549 - 556	1.7567	1.7495	1.7603	-3.4	1.7668	-2.6	1.7824	-1.5	103.8
Greece	(Dr)	251.700	+0.325	600 - 800	251.830	251.400	255.2	-16.7	262.2	-16.7	296.7	-17.9	71.7
Ireland	(I£)	1.4261	-0.0026	256 - 266	1.4324	1.4244	1.4221	3.4	1.4162	2.8	1.3991	1.9	-
Italy	(L)	1705.55	-1.95	480 - 630	1706.50	1701.00	1713.85	-5.8	1727.05	-5.0	1773.05	-4.0	76.9
Luxembourg	(LFr)	36.5250	+0.027	100 - 400	36.5550	36.4700	36.675	-4.9	36.895	-4.1	37.475	-2.6	102.2
Netherlands	(Fl)	1.9652	+0.0052	647 - 657	1.9680	1.9580	1.9695	-2.7	1.9748	-2.0	1.9864	-1.1	103.4
Norway	(NKr)	7.5469	+0.0014	459 - 479	7.5643	7.5352	7.5644	-2.8	7.5886	-2.2	7.6529	-1.4	94.7
Portugal	(Es)	176.225	-0.125	150 - 300	176.550	176.230	177.53	-8.9	179.545	-7.5	187.225	-6.2	94.5
Spain	(Pta)	143.790	-0.485	740 - 840	144.450	143.650	144.64	-7.1	145.825	-5.7	150.015	-4.3	79.3
Sweden	(SKr)	8.1273	-0.0674	223 - 323	8.2187	8.1181	8.1633	-5.3	8.208	-4.0	8.3643	-2.9	81.0
Switzerland	(SFr)	1.4805	+0.0005	800 - 810	1.4815	1.4730	1.4819	-1.2	1.4835	-0.8	1.4797	0.1	103.9
UK	(£)	1.4918	-0.0003	913 - 922	1.4942	1.4880	1.4886	2.6	1.4839	2.1	1.4698	1.5	91.7
Ecu	-	1.1066	-0.0018	061 - 071	1.1085	1.1061	1.103	4.0	1.0979	3.1	1.0854	1.9	-
SDR†	-	1.37241	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9990	+0.0008	989 - 990	0.9990	0.9983	-	-	-	-	-	-	-
Brazil	(Cr)	387.544	-0.011	543 - 545	387.560	387.548	-	-	-	-	-	-	-
Canada	(C$)	1.3198	-0.001	195 - 200	1.3255	1.3195	1.3206	-0.7	1.3216	-0.5	1.3248	-0.4	88.3
Mexico	(New Peso)	3.1065	-0.0005	055 - 075	3.1075	3.1065	3.1082	-0.7	3.1123	-0.7	3.1265	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.8
Pacific/Middle East/Africa													
Australia	(A$)	1.4367	-0.0129	362 - 372	1.4535	1.4360	1.4377	-0.9	1.4409	-1.2	1.4484	-0.8	88.9
Hong Kong	(HK$)	7.7250	-0.0019	245 - 255	7.7265	7.7245	7.7275	-0.4	7.7302	-0.3	7.7375	-0.2	-
India	(Rs)	31.3713	+0.0025	700 - 725	31.3750	31.3600	31.4513	-3.1	31.6563	-3.6	-	-	-
Japan	(Y)	111.080	-0.135	030 - 130	111.500	110.840	111.005	0.8	110.785	1.1	109.205	1.7	139.7
Malaysia	(M$)	2.7325	+0.003	315 - 335	2.7335	2.7280	2.7293	1.4	2.7345	-0.3	2.7625	-1.1	-
New Zealand	(NZ$)	1.7884	-0.0039	873 - 895	1.7940	1.7873	1.7897	-0.9	1.7936	-1.2	1.8042	-0.9	-
Philippines	(Peso)	27.7500	+0.05	500 - 500	27.9500	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7497	-0.0001	494 - 500	3.7505	3.7490	3.7542	-1.4	3.7672	-1.9	3.7764	-0.7	-
Singapore	(S$)	1.6088	+0.0006	083 - 093	1.6100	1.6070	1.6072	1.2	1.6054	0.8	1.6148	-0.4	-
S Africa (Com.)	(R)	3.4135	-0.0003	120 - 150	3.4145	3.4120	3.4312	-6.2	3.4587	-5.3	3.5615	-4.3	-
S Africa (Fin.)	(R)	4.3000	+0.0225	950 - 050	4.3000	4.2700	4.327	-7.5	4.38	-7.4	-	-	-
South Korea	(Won)	812.400	+0.65	300 - 500	812.500	811.900	815.4	-4.4	818.9	-3.2	837.4	-3.1	-
Taiwan	(T$)	26.3650	-0.13	600 - 700	26.4000	26.3200	26.4239	-2.7	26.545	-2.7	-	-	-
Thailand	(Bt)	25.5700	-	600 - 800	25.5800	25.5500	25.61	-1.9	25.665	-1.5	25.89	-1.3	-

†SDR rate for Jan 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 14. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 17		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.61	16.30	4.805	1.920	4669	5.391	20.66	482.4	393.7	22.24	4.054	1.835	3.614	2.738	304.1	2.474
Denmark	(DKr)	53.74	10	8.760	2.582	1.032	2509	2.892	11.10	259.3	211.5	11.95	2.179	0.986	1.942	1.471	163.4	1.329
France	(FFr)	61.34	11.42	10	2.947	1.178	2864	3.301	12.67	295.9	241.5	13.64	2.487	1.126	2.217	1.680	186.5	1.518
Germany	(DM)	20.81	3.873	3.393	1	0.400	971.7	1.120	4.300	100.4	81.93	4.629	0.844	0.382	0.752	0.570	63.29	0.515
Ireland	(I£)	52.09	9.694	8.492	2.503	1	2432	2.803	10.76	251.3	205.1	11.59	2.112	0.956	1.882	1.426	158.4	1.289
Italy	(L)	2.142	0.399	0.349	0.103	0.041	100.	0.115	0.443	10.33	8.432	0.476	0.087	0.039	0.077	0.059	6.513	0.053
Netherlands	(Fl)	18.58	3.458	3.030	0.893	0.357	867.7	1	3.840	89.66	73.16	4.134	0.753	0.341	0.672	0.509	56.51	0.460
Norway	(NKr)	48.40	9.007	7.890	2.325	0.929	2260	2.604	10	233.5	190.5	10.77	1.962	0.888	1.749	1.325	147.2	1.197
Portugal	(Es)	20.73	3.857	3.379	0.996	0.398	967.7	1.115	4.283	100.	81.60	4.610	0.840	0.380	0.749	0.568	63.03	0.513
Spain	(Pta)	25.40	4.727	4.141	1.221	0.488	1186	1.367	5.248	122.6	100.	5.650	1.030	0.466	0.918	0.696	77.25	0.628
Sweden	(SKr)	44.96	8.366	7.329	2.160	0.863	2099	2.419	9.289	216.9	177.0	10	1.823	0.825	1.625	1.231	136.7	1.112
Switzerland	(SFr)	24.67	4.590	4.021	1.185	0.474	1152	1.327	5.096	119.0	97.10	5.487	1	0.453	0.891	0.675	75.01	0.610
UK	(£)	54.49	10.14	8.883	2.618	1.046	2544	2.932	11.26	262.9	214.5	12.12	2.209	1	1.969	1.492	165.7	1.348
Canada	(C$)	27.67	5.150	4.511	1.330	0.531	1292	1.489	5.718	133.5	108.9	6.155	1.122	0.508	1	0.758	84.15	0.685
US	($)	36.52	6.796	5.954	1.755	0.701	1705	1.965	7.546	176.2	143.8	8.123	1.481	0.670	1.320	1	111.1	0.903
Japan	(Y)	328.8	61.19	53.61	15.80	6.313	15353	17.69	67.94	1586	1295	73.14	13.33	6.035	11.88	9.004	1000.	8.135
Ecu		40.42	7.522	6.590	1.942	0.776	1887	2.175	8.352	195.0	159.1	8.991	1.639	0.742	1.461	1.107	122.9	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5682	0.5673	-0.0020	0.5689	0.5672	42,082	148,229
Jun	0.5644	0.5646	-0.0017	0.5646	0.5644	429	7,033
Sep	0.5610	0.5610	-0.0032	0.5610	0.5610	31	254

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6743	0.6747	-0.0010	0.6770	0.6742	23,367	38,745
Jun	-	0.6750	-	0.6753	0.6735	80	517
Sep	-	0.6756	+0.0004	-	-	2	30

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9011	0.9027	+0.0002	0.9034	0.8988	36,956	99,665
Jun	0.9026	0.9068	+0.0008	0.9068	0.9026	794	6,038
Sep	0.9105	0.9102	-0.0003	0.9105	0.9100	20	348

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4836	1.4870	-0.0010	1.4886	1.4834	9,679	41,337
Jun	1.4810	1.4810	+0.0002	1.4810	1.4810	7	1,028
Sep	-	1.4750	-	-	1.4750	1	11
Dec	-	1.4714	-0.0046	-	-	7	10

EMS EUROPEAN CURRENCY UNIT RATES

Jan 17	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. Ind.
Ireland	0.808628	0.775738	-0.000024	-4.07	7.84	27
Netherlands	2.19672	2.17661	+0.00184	-0.92	4.41	-
Germany	1.94964	1.94421	+0.00184	-0.28	3.74	-
Belgium	40.2123	40.5066	-0.0004	0.74	2.69	-5
France	6.53883	6.59547	+0.00293	0.87	2.56	-7
Denmark	7.43679	7.52738	+0.00602	1.22	2.21	-8
Portugal	192.854	195.696	+0.03	1.47	1.95	-10
Spain	154.250	159.573	-0.547	3.45	0.00	-24
NON ERM MEMBERS						
Greece	264.513	279.053	+0.242	5.50	-1.94	-
Italy	1793.19	1889.78	-6.43	5.39	-1.84	-
UK	0.786749	0.742640	-0.000541	-5.61	9.60	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Feb	Mar	Apr	PUTS Feb	Mar	Apr
1.400	8.79	8.64	8.67	-	0.08	0.38
1.425	6.37	6.40	6.64	0.13	0.26	0.75
1.450	4.02	4.34	4.79	0.62	0.69	1.39
1.500	2.12	2.64	3.26	1.79	1.47	2.33
1.500	0.80	1.48	2.13	3.59	2.68	3.59
1.525	0.21	0.69	1.30	5.89	4.40	5.23

Previous day's vol., Calls 17,968 Puts 29,433. Prev. day's open int., Calls 581,513 Puts 507,798

WORLD INTEREST RATES

MONEY RATES

January 17	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	7⅝	7¼	7⅛	6⅞	6¼	7.40	5.25	-
week ago	7⅝	7¼	6⅞	6½	6¾	7.40	5.25	-
France	6½	6⅜	6⅜	6	5⅞	6.20	-	7.75
week ago	6½	6⅜	6¼	6¼	5⅞	6.20	-	7.75
Germany	6.00	6.05	5.80	5.60	5.30	6.75	5.75	6.00
week ago	6.02	6.05	5.80	5.55	5.20	6.75	5.75	6.00
Ireland	5⅜	5⅝	5⅝	5⅞	5⅝	-	-	6.75
week ago	6¼	5⅞	6¼	5⅞	5⅝	-	-	6.75
Italy	9	8⅝	8⅜	8⅜	7⅞	-	8.00	8.92
week ago	8⅞	8⅝	8¼	8⅝	8¼	-	8.00	8.92
Netherlands	5.56	5.46	5.21	5.01	4.83	-	5.25	-
week ago	5.72	5.46	5.19	5.00	4.80	-	5.25	-
Switzerland	4½	4⅜	4¼	3⅞	3⅞	6.625	4.25	-
week ago	4¾	4⅜	4¼	3⅞	3⅞	6.625	4.25	-
US	2⅞	3¼	3⅜	3⅝	3⅞	-	3.00	-
week ago	3	3¼	3⅜	3½	3⅝	-	3.00	-
Japan	2⅜	2⅛	2⅛	2	1⅞	-	1.75	-
week ago	2¼	2⅛	2⅛	1⅞	1⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3¼	3½	3¾	3½	-	-	-
week ago	-	3¼	3⅜	3¼	3⅝	-	-	-
US Dollar CDs	-	2.97	3.08	3.21	3.57	-	-	-
week ago	-	2.97	3.05	3.17	3.46	-	-	-
SDR Linked Ds	-	3⅞	3⅜	3⅜	3⅞	-	-	-
week ago	-	3⅞	3⅜	3⅝	3⅞	-	-	-

3 Month US Treasury Bill Yield, 3.03 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 17	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7⅞ - 7⅝	7⅜ - 7¼	7⅜ - 7¼	7¼ - 7⅛	6⅞ - 6¾	6⅞ - 6⅝
Danish Krone	7 - 6¾	7¼ - 6⅞	7 - 6½	6¾ - 6½	6⅞ - 6⅝	6⅜ - 5⅞
D-Mark	6⅛ - 6	6⅛ - 6⅛	6⅛ - 6	5⅞ - 5¾	5⅝ - 5½	5⅜ - 5⅜
Dutch Guilder	5⅝ - 5½	5⅝ - 5½	5⅜ - 5⅜	5⅜ - 5⅛	5 - 4⅞	4⅞ - 4⅝
French Franc	6⅝ - 6½	6⅝ - 6½	6⅜ - 6⅜	6⅜ - 6⅜	6 - 5⅞	5⅝ - 5½
Portuguese Esc.	10 - 9⅞	10⅛ - 9⅞	11¼ - 10¼	11⅜ - 10⅞	10⅞ - 10½	10½ - 10
Spanish Peseta	9⅛ - 9	9¼ - 9⅛	9⅜ - 9⅛	8⅞ - 8¾	8½ - 8⅜	8⅛ - 7⅞
Sterling	5½ - 5⅜	5⅝ - 5⅞	5⅝ - 5⅜	5⅞ - 5⅜	5⅞ - 6⅛	6⅜ - 5⅝
Swiss Franc	4¼ - 4	4¼ - 4	4⅜ - 4⅛	4 - 3⅞	3⅞ - 3¾	3⅞ - 3⅝
Can. Dollar	3⅞ - 3⅝	3⅞ - 3⅝	3¾ - 3⅝	3¾ - 3⅝	3⅞ - 3¾	4⅛ - 4
US Dollar	3⅛ - 3	3⅛ - 3	3⅛ - 3	3¼ - 3⅛	3⅜ - 3⅜	3¾ - 3⅝
Italian Lira	10 - 8	8½ - 8	8⅜ - 7⅞	8⅜ - 7⅞	8⅛ - 7¾	8⅛ - 7¾
Yen	2⅜ - 2¼	2⅜ - 2¼	2⅜ - 2¼	2⅜ - 2¼	2⅛ - 1⅞	2 - 1⅞
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.18	94.16	-0.01	94.20	94.15	10,169	117,895
Jun	94.68	94.67	-0.01	94.71	94.66	4,373	62,233
Sep	95.08	95.07	-0.02	95.12	95.07	3,880	36,125
Dec	95.37	95.36		95.40	95.36	1,591	26,640

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.59	96.58	-	96.59	96.59	60	5356
Jun	-	96.28	0.01	-	-	0	3220
Sep	95.97	95.97	0.01	95.97	95.97	1	940
Dec	-	95.56	0.01	-	-	0	304

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.43	94.44	-	94.47	94.43	9979	247550
Jun	94.88	94.88	-	94.92	94.87	12972	174799
Sep	95.26	95.26	-0.01	95.29	95.25	7025	133533
Dec	95.47	95.47	-0.01	95.51	95.47	4568	102415

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.11	92.07	-	92.12	92.05	4155	47641
Jun	92.57	92.58	0.01	92.60	92.57	2873	29485
Sep	92.98	92.98	0.02	92.98	92.96	345	21632
Dec	93.18	93.18	0.02	93.20	93.17	923	7348

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.22	96.21	-	96.23	96.17	2422	32484
Jun	96.49	96.51	0.01	96.51	96.48	658	13843
Sep	96.60	96.64	0.01	96.64	96.60	320	5400
Dec	96.66	96.65	0.01	96.66	96.66	27	1665

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.03	94.02	-	94.05	94.00	760	14320
Jun	94.54	94.53	-0.01	94.56	94.52	140	9748
Sep	94.94	94.92	-0.01	94.94	94.94	86	7655
Dec	95.27	95.22	-0.01	95.27	95.24	60	5117

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.59	96.59	-	96.59	96.58	83,798	423,310
Jun	96.29	96.27	-0.01	96.29	96.27	104,382	375,921
Sep	95.97	95.96	+0.01	95.97	95.96	84,8679	264,093
Dec	95.57	95.57	+0.01	95.57	95.56	46,877	198,460

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.88	96.87	-	96.88	96.87	721	25,591
Jun	96.62	96.61	+0.02	96.62	96.61	1,935	7,867
Sep	-	96.33	-0.05	-	-	13	2,201

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9425	0.22	0.65	1.03	0.03	0.02	0.02
9450	0.07	0.42	0.79	0.13	0.04	0.03
9475	0.02	0.23	0.57	0.33	0.10	0.06

Est. vol. total, Calls 2381 Puts 2350. Previous day's open int., Calls 171379 Puts 114003

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9600	0.23	0.54	0.66	0.02	0.03	0.04
9625	0.08	0.31	0.47	0.12	0.05	0.08
9650	0.02	0.15	0.29	0.31	0.14	0.15

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1149 Puts 2780

UK INTEREST RATES

LONDON MONEY RATES

Jan 17	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5¼ - 2	5½ - 5⅛	5½ - 5⅜	5⅞ - 5⅜	5⅞ - 5⅜	5⅜ - 5¼
Sterling CDs	-	-	5⅜ - 5⅜	5⅜ - 5⅜	5¼ - 5⅜	5⅜ - 5⅜
Treasury Bills	-	-	5⅜ - 5⅛	5 - 4⅞	-	-
Bank Bills	-	-	5⅜ - 5⅜	5⅛ - 5⅜	5⅜ - 5	-
Local authority deps.	5⅛ - 4⅞	5⅞ - 5⅜	5⅞ - 5⅜	5⅞ - 5⅜	5⅜ - 5¼	5⅜ - 5⅜
Discount market deps.	5¼ - 3	5½ - 5⅛	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1¾	4¼	4	3½	3¾

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.9084pc. ECGD fixed rate Stlg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate 5½pc from Jan 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.65	94.68	0.03	94.69	94.65	9016	117777
Jun	94.79	94.83	0.04	94.85	94.79	10836	105279
Sep	94.77	94.83	0.05	94.84	94.77	6194	57970
Dec	94.70	94.78	0.07	94.78	94.70	2762	61373

Traded on APT. All Open Interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9450	0.22	0.41	0.48	0.04	0.08	0.15
9475	0.08	0.24	0.31	0.15	0.16	0.23
9500	0.02	0.12	0.19	0.34	0.29	0.36

Est. vol. total, Calls 1519 Puts 1815. Previous day's open int., Calls 139480 Puts 133255

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	6
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5	● Members of British Merchant Banking & Securities Houses Association	
Citibank NA	5.5	Lloyds Bank	5.5	* In administration	
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.6	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

INDICES

US INDICES

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

■ TOKYO - MOST ACTIVE STOCKS: Monday, January 17, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi	5.5m	854	+9	Nippon Steel	3.6m	316	-7
Tokyo Gas	4.8m	540	-10	Keisei Elec Ry	3.3m	959	+31
Hanwa	4.2m	740	+5	Yamaichi Sec	3.2m	750	+25
Nisshin Steel	3.9m	400	+6	Fujitsu	2.9m	995	+7
Itochu	3.6m	605		Kawasaki Steel	2.7m	320	-3

FT-ISMA INTERNATIONAL BOND SERVICE

THE FT-ISMA International Bond Service, published on Monday to Friday in the Financial Times, shows daily prices, provided by the International Securities Market Association, for a selection of the most actively traded Eurobonds and related securities, picked from the sectors which best represent current market conditions.

The service sets out to include certain "benchmark" issues within the space available, while still trying to maintain a broad spread of borrowers and currency groups.

Selections are reviewed regularly by the Financial Times and the International Securities Market Association.

4 pm close January 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
15¼	11½	AAR	0.48	3.1	508	487	u15¼	15	15¼	+⅛
29⅜	12¾	A L Labs A	0.18	1.2	33	83	14⅝	14⅜	14½	+⅛
67¼	54⅝	AMP	1.60	2.5	22	676	63	62⅝	62¾	-⅛
72¼	55½	AMR			55	3867	71	70¼	70¼	-⅞
4¼	1¾	ARX			16	62	u4¼	4⅛	4⅛	-⅛
56⅛	29⅞	ASA	2.00	3.7	36	1336	55½	54⅝	54¾	
30¾	22⅝	AbbtL	0.68	2.3	18	5474	30	29⅝	29¾	
13	8¼	Abitibi Pr	0.50	3.9	8	2100	12⅞	12⅞	12⅞	-⅛
15⅝	8¼	Acomcelo			24	3	13⅛	13⅛	13⅛	
36	25½	ACE Ltd	0.40	1.4	5	1119	29⅞	29⅜	29⅜	-⅝
12⅝	10¾	ACM Gvt In	1.06	8.6		829	12½	12¼	12¼	-⅛
10⅛	9⅛	ACM GvOcp x	0.80	8.1		78	9⅞	9⅝	9⅞	+⅛
10⅝	8¾	ACM Gvt Sp	0.95	9.1		583	10½	10⅜	10½	+¼
12¼	10½	ACM Gvt Se	1.04	8.9		1986	11⅞	11⅝	11⅝	-¼
12¼	9⅝	ACM Man	1.08	9.4		220	11½	11⅜	11½	
9⅜	8⅝	ACM Managd	0.72	7.9		213	9¼	9⅛	9⅛	
12⅛	7¼	AcmeClv	0.44	4.3	13	142	10½	10⅛	10¼	
11⅜	6⅜	Acme Elect			35	2100	7⅞	7⅞	7⅞	
27⅝	18⅛	Acordia	0.44	1.8	13	27	24¼	23⅞	24¼	+⅜
18	10⅞	Acuson			59	216	13⅛	13	13	-⅛
21¾	17⅝	Adams Expr	0.52	2.8	0	94	18⅜	18⅛	18⅜	+⅛
66¼	46½	Ad Micro	3.00	6.2		139	48⅞	48¼	48½	
32¼	16¾	AdvMic	3.00	15.5	8	9785	19⅜	18¾	19⅜	+½
9⅛	5½	Advest Grp	0.16	2.4	11	73	6¾	6⅝	6⅝	-⅛
24⅜	14¼	Advo Inc	0.08	0.4	89	190	19	18½	18⅞	+⅜
58½	41⅛	Aegon ADR	1.23	2.2	12	19	55	54¼	55	+⅛
66¼	43⅜	Aetnal	2.76	4.8	24	2570	57½	56	57⅜	+½
34	24¾	Aflac	0.40	1.5	12	1506	27	26⅛	27	+⅝
22⅛	16¾	Ahmanson	0.88	4.5	9	387	19⅝	19¼	19⅜	-¼
7¾	2½	Aileen Inc			2	135	2⅝	2⅝	2⅝	-⅛
48½	37½	AirPrC	0.92	2.0	26	625	47¼	47	47⅛	+¼
36½	18⅛	Airborne Frt	0.30	0.8	38	387	35¾	35⅜	35⅜	
25½	9⅜	Airgas Inc			47	454	24¼	23½	24¼	+¾

Continued on next page

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4 pm close January 17

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close January 17

AMEX COMPOSITE PRICES

4 pm close January 17

Price data supplied by Telekurs

AMERICA

Dow stumbles amid worries on earthquake

Wall Street

US stocks edged lower during quiet morning trading as the market marked time ahead of a slew of corporate results due today, *writes Richard Waters in New York.*

Following its 25-point jump on Friday, the Dow Jones Industrial Average inched down by 10 points, before recovering to 3,861.01 at lunch-time, a loss of 6.19.

The more broadly based

Brazilian equities were driven 6.7 per cent higher by midsession on hopes that the economic package would be approved by congress. The Bovespa index was up 3,721 at 58,827 at 1 pm.

Turnover was estimated at Cr50.9bn.

Trading was seen mostly in blue chip issues such as those in the telecommunications, mining, electrical and oil sectors. Brokers said that second-tier banking stocks were also strong.

Standard & Poor's 500 was down 1.32 at 473.59, and the Nasdaq composite slipped 0.52 to 411.23. NYSE volume was 130m shares at 1 pm.

Shares in property/casualty insurers led the declines as investors expressed fears about potential losses from the earthquake which hit the Los Angeles area before dawn yesterday. Allstate, reckoned to be one of the biggest insurers in California, lost as much as \$1¾ to \$28⅜, before recovering slightly to \$28⅞. Gryphon, an insurer which specialises in earthquake insurance, lost \$1 at one stage to trade at \$12⅞, before moving back up to \$13½.

Elsewhere, with little specific company news to focus on, the market continued to position itself for the onset of the reporting season, with a clutch of the largest banks due today. First Chicago chose to bring forward the announcement of its results to yesterday to avoid the rush and in the process confirmed the bullish tone set last week by JP Morgan and Citicorp. Its earnings per share for the fourth quarter were well ahead of market expectations, helping to push its shares up \$⅝, to \$42¾. After the run-up in its shares at the end of last week Citicorp fell back \$⅝, to \$41¼, though it remains close to its 12-month high.

Among the biggest movements, IBM fell by \$1 to \$57½ on reports that Kemper Securities was advising investors to reduce their holdings in the computer company.

The Martin Luther King holiday in the US yesterday closed the the government bond market and robbed the stock market of one potential driving force behind share prices. The Treasuries market had ended the previous week in nervous mood, with the yield on the benchmark 30-year long bond at 6.3 per cent.

Canada

Toronto was propelled further into record territory at midday by higher banks and precious metals, which more than offset a stumbling merchandising sector, suffering a second day of weakness on the prospect of the powerful US discounter Wal-Mart entering the Canadian market.

The TSE 300 composite index jumped 29.36 to 4,518.50 in volume of 32.8m shares.

Bank of Montreal rose C\$⅜ to a new 52-week high of C\$29½ in heavy trade after it announced it will bump its quarterly dividend up to C\$0.30 per share from C\$0.28.

SOUTH AFRICA

Johannesburg marked time, with the golds index adding 3 at 2,094, industrials slipping 6 to 5,451 and the overall index shedding 3 to 4,864. De Beers dipped R4 to R108.25 following US selling last week. Anglos advanced R6 to R214.

EUROPE

Rate cut hopes help Stockholm up 2.5% to peak

Most of the senior markets continued their downward movement, *writes Our Markets Staff.*

STOCKHOLM finished 2.5 per cent ahead at a record high with unusually strong demand spurring turnover to an all-time peak. The Affärsvärlden index rose 37.7 to 1,545.9 in turnover of SKr3.94bn.

Mr Peter Tron of Unibank said that selective buying of index heavyweights and expectations of an interest rate cut by the Riksbank on Thursday were behind the rise.

The advance was a continuation of last week's rally and followed a strong performance throughout last year.

Bikuben Securities, which believes that Stockholm has the potential to be the Scandinavian outperformer this year, says that rises will be based on lower interest rates and corporate earnings growth, which is a direct result of the depreciation of the local currency.

Among issues hitting new highs. Volvo B shares soared SKr31 to SKr658 in heavy trade, partly on revised earnings forecasts by brokerages and upbeat press comment.

Strong US demand pushed Ericsson SKr29 higher to SKr379.

Forest sector shares showed the biggest gains, backed by news that prices on several key products will be raised during the spring. MoDo, the pulp and paper group leapt SKr22 to SKr345, while Stora, Europe's largest forest products group, added SKr25 to SKr467.

FRANKFURT was modestly lower across the board pressured by a 1.8 per cent loss in Daimler, down DM15 at DM805.

The DAX index eased 4.44 to 2,137.38, but retreated sharply in the after market, with the Ibis indicated index losing a further 35.5 to 2,115.56.

Turnover was DM8.8bn.

Kleinwort Benson, in its latest European handbook, notes that it is now recommending an overweight position in France relative to Germany.

FT-SE Actuaries Share Indices

Jan 17								THE EUROPEAN SERIES
Hourly changes	Open	10 30	11.00	12.00	13.00	14 00	15.00	Close
FT-SE Eurotrack 100	1476.54	1478.85	1481.05	1481.50	1479.49	1475.92	1475.20	1474 05
FT-SE Eurotrack 200	1551 87	1557.13	1558.49	1558.75	1556.38	1553.54	1553 56	1552.53

	Jan. 14	Jan. 13	Jan. 12	Jan. 11	Jan. 10
FT-SE Eurotrack 100	1466.32	1458 82	1475.08	1493.81	1483 27
FT-SE Eurotrack 200	1543.91	1534.54	1547.81	1565.49	1561.06

Base value 1000 (26/10/90). High/day 100 - 1482.69; 200 - 1560.25 Low/day 100 - 1474 05 200 - 1551 87

This assessment is based on the view that Germany remains vulnerable to a withdrawal of US money, while French corporate earnings are less vulnerable to downgrades than German companies.

Metallgesellschaft was the day's major winner, coming back DM27 or 12.6 per cent to DM241 following the successful outcome of weekend talks among the creditor banks. Another of last week's losers, Siemens, eased DM1.00 to DM720.50.

Commerzbank firmed DM1.80 to DM376.50 on news of a tie-up with Winterthur Insurance of Switzerland.

ZURICH finished firmer but off earlier highs after news about the Los Angeles earthquake made for uncertain trading. The SMI index added 20.5 to 3,011 after an earlier high of 3,026.7.

Insurers were especially hit by news of the earthquake, with Swiss Re registered shares falling SFr14 to SFr690.

However, Winterthur registered shares, which were sought on news about the venture with Commerzbank, ended SFr9 firmer at SFr786, but off an earlier high at 805.

Shares in SMH continued their recovery which began late last week. The registered shares surged SFr10 to SFr210, and the bearer added SFr29 to SFr979. Elsewhere in industrials, Alusuisse registered shares added SFr11 or 1.8 per cent to SFr632 and Holderbank bearers rose SFr40 or 4.4 per cent to SFr943.

PARIS weakened steadily during the afternoon in line with Germany so that the CAC-40 index ended 27.47 down at 2,234.78. Turnover eased to FFr4.5bn from FFr5.5bn.

Outside of the index Eurotunnel dipped FFr2.90 to FFr50.70 on reports that UK and French construction companies are claiming up to £1bn which they claim has been unpaid by the tunnel operator.

AMSTERDAM was helped higher by a substantial gain seen in Boskalis, although volume in the stock was reported to have been low, the shares rising Fl 3.00 or 6.4 per cent to Fl 49.50. The AEX index gained 2.31 to 422.93.

In contrast BolsWessanen slipped Fl 1.10 to Fl 44.80 as some investors reacted negatively to results which came out at the end of last week.

MILAN made a confident start to the new monthly account with the weekend announcement that elections will be held on March 27 resolving a major political uncertainty. The Comit index rose 12.44 or 2.1 per cent to 615.30.

Montedison led the charge amongst blue chips, gaining nearly L52.70 or 5.7 per cent to L961.70 in massive volume of 155.7m shares. Olivetti also gained sharply, up L103 to L2,267 on speculation about its chances of winning the race for Italy's second cellular telephone licence, bidding for which closed on Saturday.

Elsewhere, optimism over the IMI privatisation helped sentiment but Banca Commerciale Italiana dipped L87 to L4,738 amid arbitrage selling ahead of its planned privatisation set for late February.

Written and edited by John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei edges lower as Pacific Basin consolidates

Tokyo

Uncertainty over the fate of the government's political reform bill prompted profit-taking, and the Nikkei average receded 1.3 per cent in light trading, *writes Emiko Terazono in Tokyo.*

The 225-issue index closed 248.33 down at 18,725.37. The Topix index lost 9.71 at 1,515.91, but in London the ISE/Nikkei 50 index firmed 2.18 to 1,256.37.

The Nikkei opened at the day's high of 18,911.89 and retreated to the session's low of 18,646.06 in the morning.

Traders also blamed the fall on weakness in the bond market. The yield on the No 157 10-year benchmark finished at 3.205 per cent, the highest for 1½ months.

Worries of oversupply, caused by last week's announcement by the Ministry of Finance that it would sell bonds outright for the first time in 11 years to finance the forthcoming economic stimulus package, triggered profit-taking. The Finance Ministry, which usually sells bonds with repurchase agreements, is expected to supply the market with some Y900bn in outright bonds.

Volume shrank to 280m shares from 468m, falling below the 300m mark for the first time in eight trading days. Declines led advances by 701 to 333, with 133 issues unchanged.

In spite of the fall in share prices on the first section, the second section saw continued firm demand from short-term investors. The second section index advanced 17.64 to 2,017.36, rising for the 13th consecutive day to recover the 2,000 level for the first time since November 16 last year.

Bank stocks were lower on arbitrage selling. Industrial Bank of Japan lost Y30 to Y2,870 and Fuji Bank declined Y40 to Y1,960.

Profit-taking depressed gas companies, which had previously gained ground on hopes of higher profits due to industry restructuring. Tokyo Gas slipped Y10 to Y540.

Buying by foreign investors supported Nippon Telegraph and Telephone, which firmed Y13,000 to Y833,000, and East Japan Railway, Y7,000 higher at Y476,000.

Sega Enterprises jumped Y320 to Y9,500 on reports that the video game maker has tied up with Microsoft, of the US, to develop game programs.

In Osaka, the OSE average declined 75.25 to 20,711.86 in volume of 47.2m shares.

Roundup

The region saw a less active day's trading than for some time.

HONG KONG ended a featureless session slightly higher, the Hang Seng index gaining 18.67 at 10,792.9, as turnover drifted back to HK\$5.6bn, its lowest level in three weeks.

Bank shares did well on expectations that Bank of East Asia would report good earnings today. HSBC Holdings moved up HK\$1 to HK\$108 and Hang Seng Bank added 50 cents at HK\$72.

SEOUL lost ground for the third consecutive session, the composite stock index shedding 5.40 to 863.25.

Reports that Sungkyong had given up its second mobile telecom bid and would try to buy stakes in the existing network boosted the shares of other companies involved in the project.

Yukong and Kolon International went the day's limit up, adding Won1,300 each to close at Won36,500 and Won33,500 respectively.

TAIWAN saw the weighted index swing widely, after a 5.6 per cent gain on Saturday, closing 12.19 off at 6,054.93. Turnover was T\$105bn.

Reports that a proposal to raise the \$5bn ceiling on combined foreign investment in the market had been postponed dampened sentiment.

Among financial stocks, China Trust rose by its daily 7 per cent limit to T\$74.50 and ICBC surged T\$4 to T\$81.50 in heavy trade. Among the banks, First Commercial advanced T\$12 to T\$231.

SINGAPORE fell back in a consolidation phase. The Straits Times Industrial index lost 25.82, or 1.12 per cent, to 2,277.04. Volume came to 275.7m shares as declines led gains by 314 to 40.

KUALA LUMPUR reversed Friday's strong gains and the composite index fell 30.0, or 2.65 per cent, to 1,104.14. Turnover amounted to M\$1.7bn.

AUSTRALIA ended the session at its highest level since 1987 as the All Ordinaries index climbed 31.8, or 1.4 per cent, to 2,238.2. Turnover totalled A\$679m.

News Corp followed Friday's rise of 51 cents with another 44-cent gain to A\$10.20.

Westpac saw 20.6m shares traded and moved ahead 7 cents to A\$4.82. Elsewhere in the banks sector, NAB advanced 28 cents to A\$12.38, CBA was 4 cents higher at A\$9.20 and ANZ firmed 2 cents to A\$5.02.

BHP put on 38 cents at A\$18.70 after its petroleum unit said that oil production from the Griffin project was expected to peak at 80,000 b/pd.

NEW ZEALAND increased its performance to set its highest level since October 1989. The NZSE-40 capital index rose 15.97 to 2,241.96.

Fletcher Challenge added 8 cents at NZ\$3.48 and Carter Holt Harvey 4 cents at NZ\$3.84.

BANGKOK declined nearly 3 per cent, led by weakness in the finance, property and banking sectors. The SET index lost 42.56 at 1,474.11.

Communication issues were down in spite of expectations of gains ahead of today's listing of Shinawatra Satellite. TelecomAsia shed Bt7 to Bt127.

BOMBAY saw profit-taking erode early gains, but the BSE index still ended 84.17 higher at a provisional 4,022.91.

KARACHI finished at a record high, the KSE index adding 14.90 at 2,405.42.

German pessimism is 'overdone'

By Michael Morgan

The extreme volatility of south-east Asian markets, where investors scrambled to bank some profits after the recent phenomenal rises, overshadowed the markets last week.

Sharply divergent trends, however, were also seen in Europe.

Germany was the Continent's big loser as the Metallgesellschaft rescue saga rumbled on. Nikko Securities says that some strong, non-German selling was seen amid the uncertainty and the unspecified earnings implications for the major German banks that would have resulted from a failure of the rescue effort.

In addition, the Siemens results, and more importantly the earnings outlook they have given, indicated that the earnings forecasts generally adhered to are probably too optimistic.

UBS takes the view, however, that last week's swing from optimism to pessimism, which took the DAX index down to 2,141.82 on Friday, went too far. "With still a chance of a cut in the leading interest rates this week and support from a strong dollar, we expect the market to stabilise around the 2,150 to 2,175 level."

Finland, Europe's top performing market last year with a 91 per cent climb in the HEX index, was also last week's best performer, as measured by the FT-Actuaries World Index.

Strong foreign demand, particularly from US investors, was seen in the forestry sector in response to the outlook for lower interest rates, the stronger markka, and optimism that this year will see positive economic growth for the first time since 1990.

The advance also accompanied the run-up to Sunday's first round in the country's presidential election, which resulted in two pro-European Union candidates winning through to the second and decisive round on February 6.

In the Far East, Tokyo remained on the upward track as renewed foreign demand encouraged local investors back into the market. Elsewhere, it was a hectic week of switchback trading during which daily swings of 5 per cent and more were common.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+1.70	+6.90	+52.37	+44.85	+35.38	+33.42
Belgium	-1.66	+3.20	+30.05	+32.45	+22.44	+20.66
Denmark	+3.19	+13.27	+50.73	+52.41	+43.21	+41.13
Finland	+6.31	+17.51	+111.24	+121.38	+105.06	+102.11
France	-1.36	+4.30	+31.19	+28.71	+21.41	+19.65
Germany	-3.12	-0.68	+38.67	+37.15	+28.75	+26.88
Ireland	-0.58	+8.48	+62.35	+67.48	+49.60	+47.43
Italy	+1.37	-1.88	+33.11	+41.16	+23.60	+21.82
Netherlands	-0.82	+4.30	+41.36	+42.16	+33.87	+31.93
Norway	+1.22	+11.87	+45.07	+50.35	+39.86	+37.83
Spain	+2.67	+7.36	+46.36	+54.13	+24.17	+22.38
Sweden	+0.94	+9.27	+48.02	+47.43	+29.11	+27.23
Switzerland	-1.68	+4.26	+44.48	+45.51	+46.20	+44.07
UK	-1.05	+2.79	+25.18	+22.01	+22.01	+20.24
EUROPE	-0.99	+3.24	+33.51	+32.32	+26.77	+24.94
Australia	+0.34	+5.80	+40.88	+36.41	+38.85	+36.84
Hong Kong	-2.73	+2.03	+87.45	+99.65	+102.98	+100.04
Japan	+2.58	+1.95	+20.58	+16.83	+33.08	+31.15
Malaysia	-5.50	+1.89	+113.35	+107.18	+101.44	+98.53
New Zealand	-0.23	+7.53	+53.09	+47.53	+62.50	+60.15
Singapore	-4.26	-0.42	+59.02	+57.68	+63.18	+60.82
Canada	+1.33	+5.80	+28.86	+27.06	+24.11	+22.31
USA	+1.05	+1.73	+8.39	+8.45	+10.05	+8.45
Mexico	-4.95	+4.53	+41.06	+41.09	+43.76	+41.68
South Africa	-4.56	+5.77	+50.97	+58.94	+83.05	+80.39
WORLD INDEX	+0.58	+2.37	+20.75	+19.61	+23.80	+22.02

† Based on January 14th 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

Kuala Lumpur was the week's biggest loser, with even a 9.25 per cent upward bounce on Friday unable to erase all of the losses suffered earlier in the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JANUARY 14 1994								THURSDAY JANUARY 13 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	171 21	0.9	170.12	120.36	155.81	165.06	1.2	3.12	169.66	168.14	120.29	154.54	163.14	172.37	118.05	118.05
Austria (17)	187.00	0.3	185.81	131.46	170.18	170.04	0.3	0.94	186.42	184.75	132.17	169.80	169.45	190.78	131.16	132.37
Belgium (42)	160 76	-0 2	159.73	113.01	146.30	144.69	-0.2	3.97	161.04	159.59	114.18	146.68	144.99	166.01	133.37	135.28
Canada (107)	141.44	0.3	140.54	99.44	128.72	135.28	0 2	2.48	141.07	139.81	100.02	128.50	135.04	141.44	111.41	113.31
Denmark (33)	262.68	0 2	261.01	184.67	239.08	242.09	0.1	0.94	262.14	259.78	185.86	238.76	241.86	262.91	186.70	188.41
Finland (22)	140.69	1 4	139.79	98.90	128 03	169.16	1.5	0 81	138.70	137 45	98 34	126 33	166.73	140.69	65.50	70.43
France (99)	176.10	0 4	174.98	123.80	160.26	164.17	0.4	2.83	175.36	173.78	124.33	159.72	163.47	182.15	142.90	145.31
Germany (59)	132.01	-0.9	131.17	92.81	120.14	120.14	-1.0	1.74	133.19	132.00	94.44	121.32	121.32	142.38	102.80	102.80
Hong Kong (56)	443.20	6.3	440.38	311.57	403.35	439 66	6.4	2.48	416.78	413.05	295.50	379.63	413.38	506.56	225.77	236.11
Ireland (14)	200 18	-0.1	198.91	140.73	182 18	197.43	-0 1	2.87	200.30	198.50	142.01	182.44	197.80	202.59	129.29	140.07
Italy (68)	66.84	-0 2	66.41	46.99	60.83	86.23	0.2	1 93	66.95	66.35	47 47	60.98	86.08	78.93	56.21	57.12
Japan (469)	137.75	2.4	136 87	96.84	125.37	96.84	1.6	0.84	134.47	133 26	95.34	122.48	95.34	165.91	100.75	101.07
Malaysia (69)	519 08	11.4	515 77	364.92	472.40	545 66	11.4	1.33	465.86	461.68	330.30	424.33	489.99	621.63	255 36	255 36
Mexico (18)	2334.73	-1.1	2319.63	1641.32	2124.75	7931.16	-1.1	0.64	2360 63	2339 45	1673.70	2150.15	8019.12	2457 89	1410.30	1652.26
Netherland (26)	199 74	1.1	198.47	140.42	181.78	178.68	1.0	2.97	197.67	195.90	140.15	180.05	176.86	203.59	151.27	152.08
New Zealand (14)	68.69	-0.6	68.25	48.29	62.52	65.37	-0.8	3.58	69.12	68.50	49.01	62.96	65.91	70.27	40.56	41.19
Norway (23)	189 81	1 4	188.60	133.44	172.74	194.40	1.3	1 31	187 26	185.58	132.77	170.57	191.83	191.41	138.49	143.80
Singapore (45)	343.13	5.5	340.94	241.22	312.28	254.30	5.4	1.62	325.28	322.35	230.62	296.27	241.22	378.92	209.43	209.43
South Africa (60)	267 16	1.5	265 46	187 82	243 13	249.78	0.4	2.27	263.24	260 87	186 64	239.77	246.70	280.26	153.88	157.95
Spain (42)	142.71	1.4	141.79	100.32	129.87	155.98	1.4	3.84	140.76	139 50	99.80	128 21	153 88	145.24	116.33	122.06
Sweden (36)	210.65	1.2	209.31	149.09	191.71	255.55	1.3	1 37	208.07	206.20	147.52	189.52	252.24	211 43	149.69	161.80
Switzerland (49)	162 81	1.0	161 78	114.46	148.17	149.39	1.1	1.45	161 17	159 72	114.27	146.80	147.71	166.68	109.14	112.58
United Kingdom (215)	207 25	0 9	205.93	145.70	188.61	205.93	1.2	3.51	205.30	203.46	145.56	187.01	203.46	209.55	162.00	170.59
USA (516)	193.15	0 5	191.92	135.79	175.78	193 15	0.5	2.70	192.20	190.48	136.27	175 06	192.20	193.24	176.29	178.19
EUROPE (744)	169.93	0.6	168.84	119.46	154.64	165.20	0.8	2.76	168.91	167.40	119.76	153 85	163.80	172.87	134.16	135.45
Nordic (113)	204.28	1 0	202 98	143.61	185.91	215.26	1 0	1.16	202.21	200.39	143.37	184.18	213.05	204.28	142.13	147.16
Pacific Basin (722)	150.15	2.9	149.19	105.56	136.65	109.10	2.2	1.12	145.89	144.58	103.44	132.88	106.74	168.80	105.89	108.11
Euro-Pacific (1466)	158.23	1.9	157.22	111.23	144.00	130.69	1.6	1.85	155.32	153.92	110.12	141.47	128.63	162.87	117.87	117.99
North America (625)	189.94	0.5	188 72	133.52	172.85	189.16	0.5	2.69	189.02	187.32	134.01	172.16	188.25	190.01	172.67	174.19
Europe Ex. UK (529)	146.93	0.4	145.99	103.29	133.71	141.45	0.4	2.26	146.38	145.07	103 79	133.33	140.90	150.17	114.43	114.43
Pacific Ex. Japan (253)	268.73	5 2	267.02	188.92	244 56	249.68	5.3	2.42	255.37	253.08	181.06	232.61	237.13	296 21	155.37	155.46
World Ex. US (1651)	160.44	1.8	159.41	112.79	146.01	134.01	1.5	1.86	157.61	156 20	111.75	143.56	132.01	162.90	119.10	119.24
World Ex. UK (1954)	166.82	1 3	165 76	117.27	151.82	147.34	1.1	2.02	164.61	163.14	116.71	149.94	145.76	168.67	135.11	135.11
World Ex. So. Af. (2109)	169 75	1.3	168 66	119.33	154.48	151.61	1.1	2.17	167.59	166.09	118.82	152.65	149.83	170.47	138.15	138.15
World Ex. Japan (1700)	189.12	0.9	187.91	132.95	172.11	185.67	1.0	2.66	187.45	185.77	132.91	170.74	183.90	191.26	159.04	159.04
The World Index (2169)	170.34	1.3	169.25	119.75	155 02	152.41	1.1	2.17	168.15	166.65	119.22	153.16	150.71	170.77	138.19	138.19

Certain indices for 13/1/94 have been adjusted to the second decimal place. For further information contact NatWest Securities Limited or Goldman, Sachs & Co. Latest prices were unavailable for this edition.